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Canada

Evaluation of Canadian Arts and Heritage Sustainability Program

Office of the Chief Audit and Evaluation Executive
Evaluation Services Directorate

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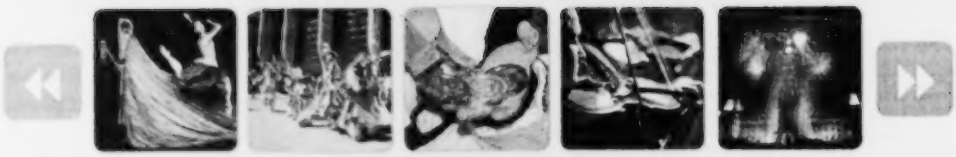

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List of Acronyms

APB	Arts Policy Branch
CAHSP	Canadian Arts and Heritage Sustainability Program
CCC	Cultural Capitals of Canada
CIP	Cultural Initiatives Program
ESD	Evaluation Services Directorate
G & C	Grant and contribution
OCAEE	Office of the Chief Audit and Evaluation Executive
PAA	Program Activity Architecture
PCH	Department of Canadian Heritage
POR	Public Opinion Research
RMAF	Results-based Management and Accountability Framework
TBS	Treasury Board Secretariat

Executive Summary

The Canadian Arts and Heritage Sustainability Program (CAHSP) was introduced by the Department of Canadian Heritage (PCH) in fiscal year 2001-2002 and over the past seven years (to the end of 2007-2008) has provided some $160 million in grants and contributions to strengthen the organizational, administrative and financial effectiveness of cultural, arts and heritage organizations, and to celebrate and support Canadian communities' achievements in arts and culture.

CAHSP consists of six components:

- **Stabilization Projects** – Provides contributions to regionally-based projects that assist arts and heritage organizations to improve their governance, administration and financial health. Over $10 million has been invested in 10 stabilization projects, of which 6 have been completed. (Several of these projects began prior to CAHSP, under the former Cultural Initiatives Program.) Over 200 arts and heritage organizations have participated.

- **Capacity Building** – Provides grants and contributions to arts and heritage organizations that cannot access a stabilization project, to improve their governance, organizational or financial situation. Some 732 organizations have benefited from this component, representing a federal investment of $37 million in a total of 1,077 projects.

- **Endowment Incentives** – This component encourages the private sector to contribute to the endowment funds of arts organizations, by matching private donations to their endowments. It is intended for arts organizations only. To date, 121 arts organizations have received matching funds. The total federal investment has been $73.4 million, which has leveraged $104.4 million in private sector donations.

- **Limited Support to Endangered Arts Organizations** – This component provides a one-time emergency assistance to important arts organizations in danger of imminent bankruptcy or permanent cessation of operations. Support takes the form of a contribution of up to 25 per cent of eligible costs for a maximum of $250,000 and is subject to financial assistance being received from the provincial or municipal government where the arts institution is located, as well as contributions matched from private sources. Four organizations have been supported to date: Calgary Philharmonic Orchestra, Winnipeg Symphony Orchestra, Théâtre du Rideau Vert and Orchestre métropolitan du Grand Montréal.

- **Cultural Capitals of Canada** – This component recognizes and supports Canadian communities that have a record of fostering arts and culture in community life. Each year, Canadian communities compete to receive up to five designations as a Cultural Capital of Canada. The designation recognizes past

achievements and also includes a contribution to support special activities that celebrate the arts and culture and build a cultural legacy for the community. Between 2003 and 2008, 29 designations were awarded to Canadian communities, representing approximately $13.7 million in expenditures.

- **Networking Initiatives** – This component supports Canada-wide networking projects whose aim is to develop and strengthen capacity by harnessing the power of artists, the arts and culture to build creative, sustainable and healthy communities. The support comes in the form of contributions to a maximum of $500K. Three organizations have been supported to date at a total contribution of $2.4 million: The Creative City Network, Arts Network for Children and Youth (no longer supported), and Les Arts et la Ville.

Evaluation Objective and Methodology

Evaluation Services Directorate (ESD) of the Office of the Chief Audit and Evaluation Executive (OCAEE), PCH, was responsible for the evaluation. The purpose of the evaluation was to permit the Minister of Canadian Heritage to report on the results of the Department's arts and culture programs. The results of the evaluation will also be used as input into program renewal.

The evaluation was conducted by Kelly Sears Consulting Group on behalf of Evaluation Services. An Evaluation Working Group guided the conduct of the evaluation. It was chaired by an ESD Project Manager and included representatives from the Arts Policy Branch and Heritage Programs Branches.
The evaluation covered the timeframe from the inception of CAHSP in November 2001 to the end of fiscal year 2007-2008.

The evaluation was carried out in two phases. Phase 1 involved preparation of a methodology design report, which confirmed the study issues and methodology. Phase 2 was the evaluation implementation phase. The study began in January 2008 and was completed in January 2009.

The evaluation examined the standard set of evaluation issues that are covered by all evaluation studies at PCH: program rationale, success/impacts and alternatives.

The evaluation involved several data collection methods, including:

- **Key informant interviews** – Some 51 in-depth interviews were conducted with key stakeholders who were knowledgeable about CAHSP. These include representatives of PCH, the Canada Council for the Arts, administrators of arts and heritage organizations, and a sample of CAHSP recipients.

- **Review of literature and secondary statistics** – The literature review documented current issues, trends and conditions within arts and heritage organizations, both domestically and internationally. PCH also provided access to

statistical data on audiences and on the financial performance of arts and heritage organizations, from Statistics Canada and Business for the Arts.

- **File and database review** – This method involved an on site review of some 30 CAHSP project files, drawn from the various components. This file review helped to identify any program delivery issues and to assess the issue of performance measurement and reporting.

- **Case studies** – A total of 12 case studies of CAHSP projects were conducted, in order to gain a deeper understanding of how CAHSP works in practice and the results achieved. Each case study involved a review of the CAHSP project file and an interview with the recipient organization.

- **Surveys of funding recipients and applicants** – Originally, the plan was for PCH to commission a survey firm to undertake several surveys of funding recipients, non-funded applicants and other program stakeholders. Due to the timing of the federal election in October 2008 (public opinion research is not permitted during an election campaign), several of these planned surveys could not be completed. In the end, two surveys were completed prior to the summative evaluation:

    - *Capacity Building – Recipient Survey*, ArtExpert.ca, January 2007.

    - *Cultural Capitals of Canada Community Survey*, Corporate Research Associates, November 2007.

Evaluation Findings

The major findings for each of the evaluation issues and questions are as follows.

Rationale and Relevance

1. Is there a continuing need for CAHSP?

There is a continuing need for a program such as CAHSP to strengthen arts and heritage organizations' effectiveness, management and financing and to help them face new challenges. Building organizational sustainability is not a one-time effort but is an ongoing activity that continues to require dedicated attention. In addition, the downturn in Canada's economy that occurred in late 2008 is having negative impacts on the financial situation of arts and heritage organizations, one example being the decision made by some community and arts council foundations, whose assets hold matching funds from PCH, to substantially reduce or suspend disbursements for 2008 and possibly beyond.

2. Is federal government intervention justified?

Federal government intervention is justified since federal leadership successfully stimulated a cross-Canada focus on issues of sustainability and leveraged funds from other levels of government and the private sector – something that no other level of government or private foundation could have accomplished. The matching aspect of CAHSP's funding and the criteria for the various components have brought together partners to support arts and heritage. If the federal government decided to pull out, key informants stated that this multi-level support would be threatened due to the legitimizing effect of the federal government's involvement across the country.

3. Is CAHSP aligned with Government priorities?

CAHSP is formally situated in the PCH Program Activity Architecture. Through the introduction of additional tax incentives for gifts to charities, the notion of organizational sustainability was also incorporated in the federal Budgets of 2006 and 2007. In 2008, management concluded that components of CAHSP achieved their objectives. For 2009-10, the program maintains a budget of $33.8 million following reductions of $4.2 million. As of November 2008, the Arts Policy Branch indicated to the evaluation team that it would like to develop a new component within a re-branded CAHSP to continue to support the sustainability of Canadian cultural organizations.

Success and Impacts

4. To what extent has the program met its immediate and intermediate results?

CAHSP has demonstrated progress towards achieving its two intermediate outcomes: increasing community support for arts and heritage organizations and contributing to their organizational, administrative and financial health.

The major findings regarding the program's immediate outcomes are as follows:

- Two of CAHSP's components in particular have helped a large number of arts and heritage organizations to improve their organizational sustainability. Key informants reported that arts and heritage organizations are sounder organizationally, more sustainable, more adept at fundraising, better supported by their communities and have more diverse funding sources as a result of the Capacity Building component. Similarly, Stabilization Projects were also viewed to have achieved generally positive results. The vast majority of organizations that were interested and eligible to participate have done so, as no new projects appeared in recent years. There was a general consensus among key informants that the particular approach taken by Stabilization Projects has achieved its objectives. Other approaches that extend community involvement are being discussed across the country.
- Of all of the CAHSP components, Endowment Incentives received the most positive comments from key informants. This component is viewed as having a

strong incremental impact on the level of private donations to artistic organizations. It is simpler to administer compared to other CAHSP components. The main criticism relates to success: the level of donations to the endowment funds of arts organizations has increased such that the level of matching by the federal government has been reduced over the years. Another widespread criticism is that heritage organizations are not eligible.

- The Limited Support for Endangered Arts Organizations has played a vital role in helping four arts organizations (including three symphony orchestras), to avoid bankruptcy. All four organizations continue to operate today.
- The Cultural Capitals of Canada component has contributed to helping communities that apply for the designation to sustain cultural activities at the local level. Over the history of this component, there have been a total of 119 applications, and the process of applying to the component has a positive impact in terms of bringing stakeholders together.
- The Networking Initiatives component currently supports two networks, and key informants reported that both the Creative City Network and Les Arts et la Ville are operating effectively.

5. To what extent is progress being made to achieve CAHSP's long-term outcome?

The intended longer-term outcome of CAHSP is, "Contributes to Canadians participating in and benefiting from access to activities provided by appropriately governed arts and heritage organizations in communities that value their existence and support them."

Over the ten years (1996-1997 to 2006-2007) for which data are available, both the arts and heritage sectors experienced increased audiences and significantly increased support from their communities particularly from the private sector. While it is not possible to attribute these positive trends solely to CAHSP, it is reasonable to presume that CAHSP had at least some influence. Evidence of this is the fact that key informants indicated that a change in management approach in arts and heritage organizations has engaged their communities more effectively.

6. What have been the unintended impacts and effects (either positive or negative) resulting from CAHSP?

The unintended impacts of CAHSP were mostly positive, with the main impact being the creation of provincial funding programs. However, by strengthening some organizations, CAHSP may have had the unintended effect of perpetuating disparities among regions, although further research would be required on this issue.

7. Does CAHSP have appropriate performance measurement?

The program has undertaken several studies over the years on different CAHSP components that gathered results-based information. However, little results-based information on CAHSP is provided to Canadians on an ongoing basis. An annual report for CAHSP is not prepared, although CAHSP management stated that there is now a plan

to prepare one for the Cultural Affairs Sector of PCH, which will include information on CAHSP.

Cost-Effectiveness and Alternatives

8. Are there any design and delivery issues?

Each CAHSP component was designed and delivered differently, in order to meet particular program objectives. This had mixed results: the program components were very customized and targeted to the needs of particular audiences, but program design and delivery was perhaps unnecessarily complex. CAHSP administrative requirements were deemed by virtually all informants to be burdensome; however, PCH staff received high praise for the level of service provided.

9. Are arts and heritage organizations equally well served by CAHSP?

Given that the program has both "arts" and "heritage" in its name, this has created a public perception that the program targets and serves both sectors equally. However, the initial focus of CAHSP's design was on arts organizations, with heritage clients made eligible for some components. Consideration could be given to whether certain CAHSP components should be open to both arts and heritage organizations. Alternatively, it might be better to serve heritage organizations through a separate program.

10. Do all six components of CAHSP work together effectively as an accessible and coherent program?

While there are significant complementary relationships within CAHSP, the branding of CAHSP as a single program was limited due to communication issues and differences among the components in terms of administration approach, client base, and level of impact. Despite this, the impact of the program on organizations and their local communities reflects a more broadly accepted notion of sustainability.

11. What is the level of administrative efficiency?

Over the history of CAHSP, the administrative cost ratio has been 16.4 per cent. This relatively high ratio is due to several factors, including the high level of administration caused by the large amount of analysis involved in Capacity Building projects that are relatively small in dollar value, the extensive reporting required and the decentralized administrative structure.

12. Are there alternatives to CAHSP?

There are no existing federal programs that would serve as an alternative to CAHSP. Alternatives that could be considered for certain components include giving increased funding to the Canada Council for the Arts for organizational development of arts organizations, to the Museums Assistance Program for heritage organizations and/or to third party organizations. Alternatively, some CAHSP criteria and components could be

reconsidered. For example, rather than funding small projects on an annual basis, consideration could be given towards supporting multi-year projects as part of an overall sustainability strategy.

Recommendations

1. The Department should develop a new strategy for sustainability of the arts and heritage sector that builds on the most successful aspects of CAHSP

The Department should develop a new strategy that builds on the most successful aspects of CAHSP and also improves the program's streamlining and consistency. The new strategy should also take into account research on sustainability in other sectors that `points to the value of fostering an environment for sustainable arts and heritage organizations collectively, rather than focussing solely on the well being of individual organizations.[1]

One of the issues to be addressed in a new strategy is whether both arts and heritage organizations should be eligible to the components of a new program or whether there should be separate strategic approaches to the two sectors. As discussed earlier, the original program was primarily oriented towards arts organizations.

In developing this strategy, the results of this evaluation study suggest that the department should consider the following elements:

- Foster a sustainable environment for arts and heritage organizations by encouraging diversification of funding sources and by stimulating private sector, community and municipal support. This might be accomplished through:

    - Despite recent public attention regarding the pay-out policies of foundations further to the current economic situation, the Endowment Incentives component would continue, with substantially increased funding in order to continue to stimulate private donations.

    - Continuation of the Cultural Capitals of Canada component in order to stimulate more and sustained municipal and community support for arts and heritage. To attract more applications, enhance the national communications of the program and streamline reporting requirements. Clarify the objectives of this component, as the evaluation found that they were subject to various interpretations. To enhance streamlining and consistency, consideration should be given to adjusting the population categories and awarding only one designation per population category. The Innovative Cultural Bridges category would be eliminated, given there have been very few applications historically. The

[1] See for example, *Capacity Building in Arts, Culture, and Heritage Organizations: Knowledge from the Field*, Ginsler & Associates, January 2005.

savings from these changes could be used to fund the other parts of the overall strategy.

- Maintenance of the Limited Support for Endangered Arts Organizations component. This component provides a clear framework for ensuring diverse partners come together to assist the survival of important organizations in distress and to protect the federal government from ad hoc requests for emergency funding.

- Support the development and delivery of learning and networking initiatives that strengthen the sustainability of arts and heritage organizations collectively by promoting best practices, shared learning and partnerships. This might include replacing the Stabilization Projects, Capacity Building and Networking Initiatives component with funding for comprehensive initiatives that involve multiple players/partners on a multi-year basis, rather than focusing on support to individual projects on a year-by-year basis. Two options could be considered:

  - Delivery with partner organizations (such as regional collectives and national and provincial membership service organizations), which would present proposals for funding initiatives that strengthen multiple organizations. The administrative costs for this option would need to be determined but are likely to be less than current costs since a single project would serve more recipients.

  - Increased funding of the Canada Council for the Arts (for arts organizations) and the Museums Assistance Program (for heritage organizations) to enhance organizational effectiveness and development initiatives and funding.

Management Response – Accepted – Underway

The Canadian Arts and Heritage Sustainability Program has resources and authorities until March 31, 2010. The Department is in the process of developing a streamlined and forward looking successor to the CAHSP* which would include the Endowment Incentives component, the Cultural Capitals of Canada component, the Limited Support to Endangered Arts Organizations component and a new component for strategic initiatives, building on the accomplishments of stabilization, capacity building and networking.

Implementation Date – Fiscal year 2009-2010

*Subject to policy authority being granted.

2. Performance measurement for a future program needs to be emphasized

Little ongoing results-based performance information on CAHSP is provided to Canadians. The Department needs to review the program's performance measurement strategy in future program design, which would specify the appropriate measurement indicators, data sources and data collection methods.

A regular performance report needs to be published, so that Canadians are made aware of the extent to which progress is being made towards the program's intended outcomes.

Management Response – Accepted – Underway

To ensure that results are communicated to Canadians, the Cultural Affairs Sector is publishing an annual report highlighting program results for the Sector, including elements of CAHSP.

The Arts Policy Branch has also undertaken a comprehensive results mapping of all of its programs against the Sector logic model; this ongoing process includes further reporting on CAHSP outcomes.

As is Program practice, it is now reviewing and updating the performance management strategy as part of the program renewal process currently underway.

Implementation Date – Fiscal year 2009-2010

1. Introduction and Context

1.1 The Canadian Arts and Heritage Sustainability Program

The Canadian Arts and Heritage Sustainability Program (CAHSP) was introduced by the Department of Canadian Heritage (PCH) in 2001-2002 and over the past seven years has provided some $160 million in grants and contributions to strengthen the organizational, administrative and financial effectiveness of cultural, arts and heritage organizations, and to celebrate and support Canadian communities' achievements in arts and culture.

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- **Capacity Building** – Provides grants and contributions to arts and heritage organizations that cannot access a stabilization project, to improve their governance, organizational or financial situation. Some 732 organizations have benefited from this component, representing a federal investment of more $37 million in a total of 1,077 projects.
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1.2 The Evaluation

Evaluation Services Directorate (ESD) of the Office of the Chief Audit and Evaluation Executive (OCAEE), PCH, was responsible for the evaluation. The purpose of the evaluation was to permit the Minister of Canadian Heritage to report on the results of the Department's arts and culture programs. The results of the evaluation will also be used as input into program renewal.

The evaluation was conducted by Kelly Sears Consulting Group on behalf of Evaluation Services. An Evaluation Working Group guided the conduct of the evaluation. It was chaired by an ESD Project Manager and included representatives from the Arts Policy Branch and Heritage Programs Branches.

2. Program Profile

This section provides a concise profile of the Canadian Arts and Heritage Sustainability Program (CAHSP).

2.1 History

In 1999-2000, national consultations were held throughout Canada to identify optimal types of programs to support the needs of arts, cultural, and heritage organizations, the level of funding required, and eligibility criteria.

In 2001, PCH took the initiative to develop a policy orientation framework for federal involvement in the arts. *Framework for the Arts*[2] guided the way in which the Arts Policy Branch (APB) has worked with stakeholders, portfolio agencies, other departments, and other branches in the Department. The Framework included a theme of sustainability:

> *Hand-in-hand with a vision for creativity and access goes the need to keep the arts sector sound and stable. Cultural organizations must have the management capacity, outreach capability, financial stability and community roots to sustain the creation and access functions. This means Canada must, as a priority, be a country in which: arts organizations are healthy, well-managed and rooted in and responsive to their communities; they attract private resources and help one another by sharing their ideas and pooling information...*[3]

In May 2001, the Government of Canada launched a three-year initiative of over $500 million to support heritage and the arts. PCH received additional resources to continue the initiative in 2004-2005 and again in 2005-2006, through to the end of 2009-2010. Building on this vision, as well as on the desire to help expressed by private donors and philanthropists, the federal government approved CAHSP in November 2001 and the program was launched in January 2002. This program has been entirely funded by the initiative. In essence, CAHSP seeks to strengthen the organizational, administrative and financial effectiveness of cultural, arts and heritage organizations, and to celebrate and support Canadian communities' achievements in the area of arts and culture.

The program provides strategic, tailor-made and complementary assistance that will allow recipients to position the arts and heritage in their specific communities, to develop partnerships among all levels of government, the private sector and the arts and heritage sectors, with a view to increasing organizational self-reliance and cultural development within the communities.

The program replaced the strategic development assistance component of the former Cultural Initiatives Program (CIP), which originally funded the pilot projects and other one-time management assistance (described further under "rationale").

[2] Department of Canadian Heritage, *Framework for the Arts*, 2001.
[3] Ibid.

2.2 Program Objective

The program's objective is to strengthen organizational effectiveness, build operational and financial capacity within the arts and heritage sectors, and ensure that those organizations operate in communities that value and support them, and see them as a key asset.

Arts organizations can be defined as: professional organizations that create, produce or make accessible works in dance, theatre, music, visual arts, media arts or literature such as performing arts companies, artist centres, literary festivals and arts service organizations.

Heritage organizations can be defined as: professional organizations that collect, preserve or interpret heritage collections or present them to the public, such as museums and heritage service organizations.

2.3 Rationale

At the time when CAHSP was being developed, the notion of sustainability was central to a new approach to stabilizing the financial and administrative circumstances of arts and heritage organizations.

Forced to work in an increasingly complex environment (e.g., reduced public funding over the preceding ten years, heightened competition for audiences and private funds), a number of arts organizations were unstable and in danger of disappearing. The disbanding of the Hamilton Philharmonic Orchestra, the Phoenix Theatre Society and numerous small dance companies, along with the financial problems experienced by the symphony orchestras in Montreal and Toronto, highlighted the instability of many cultural organizations. The arts and heritage sectors recognized the need to become more financially self-sufficient and to redefine their relationships with the communities that support them. To survive, they realized that they must reach new audiences, improve their decision-making structures and management skills and diversify their funding sources.

The sustainability strategy embedded in CAHSP was based on the results of six pilot projects developed in partnership with the public and private sectors. In 1995, PCH funded the first two of these projects, Vancouver's Arts Stabilization Team and Alberta's Performing Arts Stabilization Fund. In 2000, four new pilot projects were added in Nova Scotia, Hamilton-Wentworth-Burlington, Saskatchewan and Manitoba. The organizations that participated in the pilot projects involving the Vancouver and Alberta projects reported positive results in terms of improved management capacity and funding and promotional campaigns.

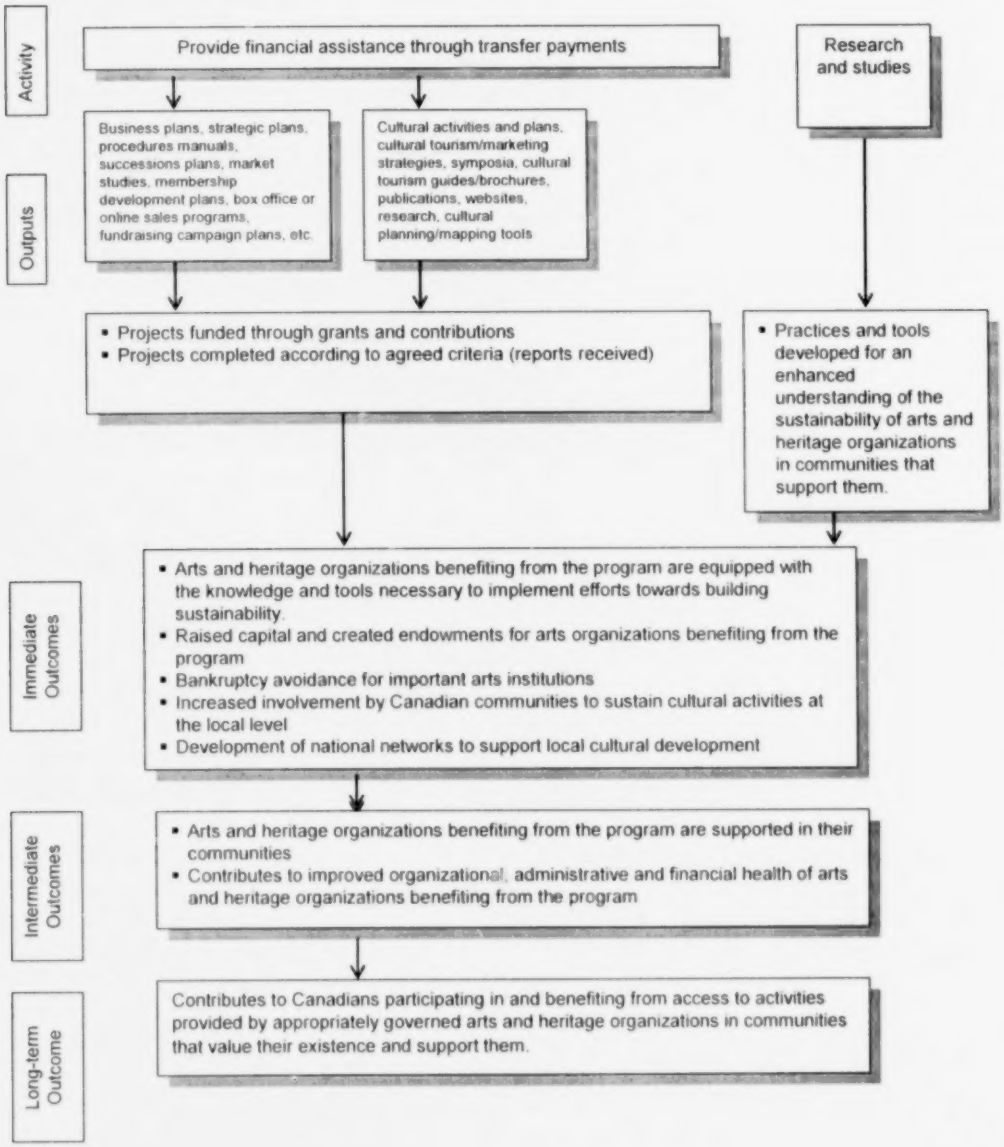
The Government expanded its strategy to national status with the approval of CAHSP on November 8, 2001. CAHSP replaced the Strategic Development Assistance component

of the Cultural Initiatives Program (CIP) that had funded the pilots. CIP had been approved by the Government in 1986.

2.4 Logic Model

A logic model for CAHSP was prepared as part of the RMAF process and is shown in Figure 1.

Figure 1: CAHSP Logic Model


Activity
Provide financial assistance through transfer payments
Research and studies
Outputs
Business plans, strategic plans, procedures manuals, successions plans, market studies, membership development plans, box office or online sales programs, fundraising campaign plans, etc.
Cultural activities and plans, cultural tourism/marketing strategies, symposia, cultural tourism guides/brochures, publications, websites, research, cultural planning/mapping tools
• Projects funded through grants and contributions
• Projects completed according to agreed criteria (reports received)
• Practices and tools developed for an enhanced understanding of the sustainability of arts and heritage organizations in communities that support them.
Immediate Outcomes
• Arts and heritage organizations benefiting from the program are equipped with the knowledge and tools necessary to implement efforts towards building sustainability.
• Raised capital and created endowments for arts organizations benefiting from the program
• Bankruptcy avoidance for important arts institutions
• Increased involvement by Canadian communities to sustain cultural activities at the local level
• Development of national networks to support local cultural development
Intermediate Outcomes
• Arts and heritage organizations benefiting from the program are supported in their communities
• Contributes to improved organizational, administrative and financial health of arts and heritage organizations benefiting from the program
Long-term Outcome
Contributes to Canadians participating in and benefiting from access to activities provided by appropriately governed arts and heritage organizations in communities that value their existence and support them.

2.5 Design

CAHSP consists of six different program components. The components vary considerably in scope: some have a quite broad mandate, supporting hundreds of arts and heritage organizations; others are very specialized and support as few as two projects. The components are briefly described below.

2.5.1 Stabilization Projects

This component provides contributions to regionally-based projects that assist arts and heritage organizations in improving their governance, administration and financial health. The types of assistance provided include technical expertise and funds for the development of working capital reserves and deficit reduction. They all require deficit-free operations over a defined period by a client, in order that clients qualify for funding.

Stabilization projects are led by independent, non-profit groups that represent the interests of the larger community through the make-up of its board and through diverse revenue sources. Funding is provided by different levels of government as well as the private sector, thereby achieving a leveraging effect for each partner. The nature of the support is long term and is tailored to individual needs.

Just over $10 million has been invested in 10 stabilization projects, although 6 projects were launched prior to CAHSP under the former Cultural Initiatives Program. The list of projects is provided in Table 1.

Table 1
List of Stabilization Projects

Name of Organization	Province	Duration	Federal Investment*
Vancouver Arts Stabilization Team	BC	1994-2005	$ 1,298,000
Victoria Foundation	BC	2004-2010	$ 750,000
Alberta Perfroming Arts Stabilization Fund	AB	1995-2004	$ 1,740,000
Saskatchewan Arts Stabilization Program	SK	1999-2006	$ 500,000
Arts Stabilization Manitoba	MB	1999-2008	$ 1,480,000
Bay Area Arts and Heritage Stabilization Program	ON	1999-2006	$ 670,000
Creative Trust: Working Capital for the Arts	ON	2002-2008	$ 1,750,000
New Brunswick Arts & Heritage Stabilization Program	NB	2002-2008	$ 565,000
PEI Arts & Heritage Stabilization Program	PEI	2003-2006	$ 200,000
Foundation for Heritage & the Arts Stabilization and Enhancement	NS	1998-2004	$ 1,150,000
Total			**$ 10,103,000**

* Includes contributions by CAHSP as well as the former Cultural Initiatives Program.

Over 200 arts and heritage organizations have been assisted through the program.

It was anticipated that arts and heritage organizations that undergo a fundamental review of all aspects of their business will stand a better chance of strengthening their operations and becoming more self-reliant and sustainable over the years.

2.5.2 Capacity Building

In contrast to Stabilization, which are long term projects that span many years, Capacity Building is designed to support punctual projects. This component provides financial assistance through grants and contributions to arts and heritage organizations that cannot access a stabilization project described above to improve their governance, organizational or financial situation. This component ensures that organizations that cannot access a stabilization project can still benefit from the program. By providing support to address key areas, such as governance structure, management practices, financial self-sufficiency, and audience development or diversification, it is anticipated that these professional arts and heritage organizations will become more self-reliant and sustainable over the years.

Capacity Building Grants provide funding only under both of the following circumstances:

- The financial assistance will not exceed $25,000 for the project.
- The project is assessed to be of low risk and materiality.

Capacity Building Contributions provide funding under the following circumstances:

- The financial assistance is greater than $25,000 for the project.
- Or, the funding request is below $25,000 but is considered to be of moderate to high risk.

The maximum amount of the contribution will not exceed the lesser of the following: 75 per cent of the approved project's eligible cost or $250,000.[4]

Only the minimum amount required is offered to help achieve the program's objectives and expected results in keeping with the Treasury Board Transfer Payment Policy.

Between 2002-03 and 2007-2008, a total of 732 organizations benefited from the Capacity Building component, representing a federal investment of $37 million for 1,077 projects.

It was anticipated that arts and heritage organizations will increase their self-reliance and improve how they plan, organize, finance and govern themselves.

[4] While the maximum funding for contributions is 75 per cent of eligible project costs, the majority of projects receive no more than 50 per cent.

2.5.3 Endowment Incentives

This component seeks to encourage the private sector to contribute to arts organizations' endowment funds by matching private donations to arts organizations' endowments. It is intended for arts organizations, such as dance or theatre companies, symphony orchestras and national arts training schools that suffer from chronic undercapitalization. The component encourages Canadians to make donations and also helps ensure a predictable and permanent source of funds.

To date, 121 arts organizations have received matching funds. The total federal investment has been $73.4 million and this has leveraged donations from the private sector of $104.4 million.

It was anticipated that endowment incentives would lead to increased self-reliance through new sources of funding and community engagement.

2.5.4 Limited Support to Endangered Arts Organizations

This component provides limited one-time emergency assistance to important arts institutions in danger of imminent bankruptcy or permanent cessation of operations. Support takes the form of a contribution of up to 25 per cent of eligible costs for a maximum of $250,000 and is subject to financial assistance being received from the provincial or municipal government where the arts institution is located, as well as contributions matched from private sources. The aim of this component is to ensure the survival of some key arts institutions for the benefit of Canadians.

Four organizations have received support to date (three organizations have each received $250,000 and one received $100,000): Calgary Philharmonic Orchestra, Winnipeg Symphony Orchestra, Théâtre du Rideau Vert and Orchestre métropolitan du Grand Montréal.

This one-time contribution offered on an emergency basis is intended to help arts organizations with significant community support to recover from a financial crisis.

2.5.5 Cultural Capitals of Canada

This component recognizes and supports Canadian communities that have a record of fostering arts and culture in community life. Each year, Canadian communities compete to receive up to five designations as a Cultural Capital of Canada. The designation recognizes past achievements and also includes a contribution to support special activities that celebrate the arts and culture and build a cultural legacy for the community. This component is focused on two of the outcomes listed in the CAHSP logic model: 1) Increased involvement by Canadian communities to sustain cultural activities at the local level (immediate outcome); and 2) Arts and heritage organizations benefiting from the program are supported in their communities (intermediate outcome).

Canadian municipalities (including Aboriginal equivalent governments) compete for designations based on population:

- Level 1 is for communities of more than 125,000 people (1 award of up to $2 million annually).
- Level 2 is for populations between 50,000 and 125,000 people (1 award of up to $750,000 annually).
- Level 3 is for populations of less than 50,000 people (2 awards of up to $500,000 annually, although 3 have been awarded in some years).

There is also an annual prize for innovative cultural partnerships of two or more communities in at least two provinces or territories. One prize, in the form of a contribution of up to $500,000 can be awarded yearly.

Between 2003 and 2008, 29 designations were awarded to Canadian communities, representing approximately $13.7 million in expenditures.

2.5.6 Networking Initiatives

This component supports Canada-wide networking projects whose aim is to develop and strengthen capacity by harnessing the power of artists, the arts and culture to build creative, sustainable and healthy communities. The support comes in the form of contributions to a maximum of $500K.

Networking projects are national in scope and work toward building the capacity of participants in at least one of the following areas:

- Development of cultural policies and action plans at the local level.
- Development of strategic partnerships leading to an improved environment for arts and culture at the local level.

Three organizations have been supported to date at a total contribution of $2.4 million: The Creative City Network, Arts Network for Children and Youth (no longer supported), and Les Arts et la Ville.

2.6 Resources

Details on CAHSP expenditures for the period 2001-02 to 2007-08 are provided in Table 2. Total CAHSP G & C expenditures over this seven-year period were $133.9 million. The largest component was Endowment Incentives, which accounted for $72.5 million of funding, or 54 per cent of this total. This was followed, in order, by Capacity Building (35.0 million, or 26 per cent); Cultural Capitals of Canada ($13.7 million, or 10 per cent); Stabilization Projects ($9.5 million, or 7 per cent); Networking Initiatives ($2.4 million, or 2 per cent); and, Limited Support to Endangered Arts Organizations ($0.8 million, or 0.6 per cent).

Table 2
CAHSP Expenditures ($'000), by Component, 2001-02 to 2007-08

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	Total
Administrative Expenditures								
Salaries	0.7	2.0	2.4	2.3	2.2	3.1	2.9	**15.6**
Regular O&M	0.5	1.5	1.2	1.9	2.1	1.8	1.6	**10.6**
Sub-total Admin. Expenditures	**1.2**	**3.5**	**3.6**	**4.2**	**4.3**	**4.9**	**4.5**	**26.2**
G&C Expenditures								
Stabilization Projects	3.3	1.7	3.4	1.1	0.0	0.0	0.0	**9.5**
Capacity Building-Arts	0.0	3.1	5.0	3.7	3.3	3.8	2.7	**21.6**
Capacity Building-Heritage*	0.0	0.6	3.7	3.2	1.8	1.7	2.4	**13.4**
Endowment Incentives	0.0	8.4	10.9	8.0	15.4	14.9	14.9	**72.5**
Endangered Arts Orgs	0.0	0.0	0.5	0.2	0.0	0.0	0.1	**0.8**
Cultural Capitals of Canada	0.0	0.0	1.3	2.5	1.6	2.8	5.5	**13.7**
Networking Initiatives	0.0	0.3	0.3	0.5	0.6	0.4	0.3	**2.4**
Sub-total G&C Expenditures	3.3	14.1	25.1	19.2	22.7	23.6	25.9	**133.9**
Total Expenditures	**4.5**	**17.6**	**28.7**	**23.4**	**27.0**	**28.5**	**30.4**	**160.1**

* For Capacity Bulding, the Arts Policy Branch transfers funds annually to the Heritage Branch for projects in the heritage sector. Between 2001-02 and 2007-08, a total of $22.2 million was transferred, of which $13.4 million was expended.

2.7 Governance

The Arts Policy Branch (APB) is responsible for the program. It is responsible for the development and distribution of learning/information/support materials, program guidelines as well as application forms, and it manages the overall budget. The APB is also responsible for program analysis, reports and results. It ensures coordination between the department, its portfolio agencies and other partners involved in certain activities. Program management results from the combined efforts of the Strategic Arts Support Directorate in APB, the central services at Headquarters, the regional offices, and the Heritage Programs Directorate for the Capacity Building component. In the case of the Capacity Building component, regional offices are closely connected to one another and to the national office, and share information and data on results. Working groups with representation from each region and from Headquarters consider issues at the national and regional levels.

PCH regional offices are responsible for regional program activities (Capacity Building component) including the evaluation of applications based on national evaluation instruments developed by the APB, the management of a regional envelope, the monitoring of funded projects and the collection of essential data for results measurement. For all the other components, the CAHSP's national office is responsible for these activities.

3. Purpose and Scope of the Evaluation

Evaluation Services Directorate (ESD) of the Office of the Chief Audit and Evaluation Executive (OCAEE), Department of Canadian Heritage (PCH) was responsible for the evaluation. The purpose of the evaluation was to permit the Minister of Canadian Heritage to report on the results of the Department's arts and culture programs. The results of the evaluation will also be used as input into program re-design.

The evaluation was conducted by Kelly Sears Consulting Group on behalf of Evaluation Services. An Evaluation Working Group guided the conduct of the evaluation. It was chaired by an ESD Project Manager and included representatives from the Arts Policy Branch and Heritage Programs Branches.

The evaluation covers the timeframe from the inception of CAHSP in November 2001 to the end of fiscal year 2007-2008. Each of the individual CAHSP components was also examined.

The evaluation was carried out in two phases. Phase 1 involved preparation of a methodology design report, which confirmed the study issues and methodology. Phase 2 was the evaluation implementation phase. Phase 1 was completed in January 2008. Phase 2 commenced immediately thereafter, and the evaluation study was completed in January 2009.

The first phase of the evaluation study involved interviews with PCH managers, which confirmed the issues to be examined. These are as follows:

A. Rationale and Relevance

1. Is there a continuing need for CAHSP?
2. Is federal government intervention justified?
3. To what extent is the program aligned with Government and departmental priorities, including the department's strategic objectives?

B. Success and Impacts

4. To what extent has the program met its immediate and intermediate results?
5. To what extent has CAHSP contributed to achieving expected long-term results?
6. Did other unintended impacts or effects (positive or negative) result from CAHSP?
7. Does CAHSP have appropriate performance measurement?

C. Cost-Effectiveness and Alternatives

8. Are there any design or delivery issues?
9. Are both arts and heritage organizations equally well served by CAHSP?
10. Do all six components of CAHSP work together effectively as an accessible and coherent program?
11. What is the level of administrative efficiency?
12. Does CAHSP's design consider the most effective way of fulfilling expected results? If not, what are the alternatives?

The evaluation study also examined the individual CAHSP components. Section 5 presents the main study findings for each of the evaluation issues and questions and for the individual components.

4. Methodology and Constraints

The evaluation matrix, which summarizes the data collection methods used to address each evaluation issue and question, is included in Appendix A.

4.1 Methodology

4.1.1 Key Informant Interviews

This method consisted of 51 in-depth interviews with key stakeholders knowledgeable about CAHSP, who were asked to comment on the various evaluation issues (the interview guide is included in Appendix C). The key informants represented the following groups:

- PCH – including senior managers, CAHSP program managers and regional directors/managers.
- Canada Council for the Arts.
- Administrators of cultural, arts and heritage organizations.
- Recipients of Capacity Building funding.
- Recipients of Stabilization funding.
- Recipients of Endowment Incentives funding.
- A recipient of Limited Support for Endangered Arts Organizations funding.
- Recipients of Networking Initiatives funding.
- Recipients of Cultural Capitals of Canada funding.

The list of key informants is included in Appendix B. Most of the interviews were conducted by telephone, with some carried out in person (in Ottawa, Toronto and Montreal).

4.1.2 Document review

The purpose of this method was to provide the evaluation team with an understanding of CAHSP and also provide information and data to help respond to the evaluation issues. Many documents were provided by CAHSP program representatives, including:

- Documents pertaining to the government's approval of the program.
- Terms and conditions of the program.
- Results-based Management and Accountability Framework/Risk-based Audit Framework (2005).
- Various documents and spreadsheets summarizing the program's expenditures, activities and outputs.
- Formative Evaluation of the Cultural Capitals and Networking Components (2005).
- Report on the program's internal audit (2005).

- *The Canadian Arts and Heritage Stabilization Experience*, a report by WME Consulting Associates (2006).
- *Capacity Building – Recipient Survey*, a report by ArtExpert in collaboration with Jolicoeur et Associés (2007).
- *Cultural Capitals of Canada Community Survey*, a report by Corporate Research Associates Inc. (2007).
- Presentation decks on various topics related to CAHSP.
- CAHSP's funding application guides.

4.1.3 Review of literature and secondary statistics

The literature review documented current issues, trends and conditions within arts and heritage organizations, both domestically and internationally (with a focus mainly on the US and some consideration of Britain and Europe).

PCH also provided access to statistical data on audiences and on the financial performance of arts and heritage organizations from Statistics Canada and Business for the Arts (formerly Council for Business and the Arts).

4.1.4 File and database review

The first part of the file review was to extract quantitative and qualitative information on the number, type, and value of the projects financed over the years, the numbers of applications and recipients, the distribution of funding by region, etc.

A second part of the file review involved an on-site review of a sample 30 project files (drawn from the various components). The file review helped to assess program delivery and the issue of performance measurement and reporting of results to Canadians.

4.1.5 Case Studies of CAHSP Projects

The aim of the case study method was to provide a deeper understanding of the way each of the CAHSP components works in practice and to explain in greater detail the impact of the different program components on the organizational effectiveness and operational and financial capacity of arts and heritage organizations. A total of twelve case studies were carried out, which were distributed geographically and covered the various CAHSP components. Each case study involved a review of the CAHSP project files as well as a telephone interview.

The case study interview guide is included in Appendix C.

4.1.6 Surveys of funding applicants and recipients

Originally, the plan was for PCH to commission a survey firm to undertake several surveys of funding recipients, non-funded applicants and other program stakeholders. Due to the timing of the federal election in October 2008 (public opinion research is not

permitted during an election campaign), several of these planned surveys could not be completed.

In the end, two surveys were completed prior to the summative evaluation:

- *Capacity Building – Recipient Survey*, ArtExpert.ca, January 2007.
- *Cultural Capitals of Canada Community Survey*, Corporate Research Associates, November 2007.

Four other surveys were not completed:

- Capacity Building: Those that did not receive funding.
- Endowment Incentives: Recipients, including the foundations, the arts organizations benefiting from the investment in the endowment fund and the private donors.
- Stabilization Projects: Arts and heritage organizations that participated in stabilization projects, board members of the various projects, the different levels of government that invested in the project, etc.
- Networking Initiatives: The two organizations (Creative City Network and Les Arts et la Ville) that received contributions. The survey was to target board members as well as members of both organizations.

4.2 Constraints

The main challenges faced by the evaluation study and its limitations were as follows:

- CAHSP is a multi-faceted program, with broad, high-level objectives, several components each with its own objectives, multiple recipient groups and multiple beneficiaries. Given the limitations of time and budget, it was not possible to thoroughly investigate all of these aspects of CAHSP.
- Few key informants and case study organizations had an overall understanding of CAHSP. They knew the particular funding component/program they had interacted with, but had less familiarity with the other parts of CAHSP. This made it difficult to assess the overall success of the program and its continued relevance.
- It was difficult to measure the progress made by the program in achieving its longer-term (intermediate) outcomes, which pertain to the concepts of organizational health and levels of community support for arts and heritage organizations. The program does not gather data for CAHSP as a whole on trends in relevant indicators for these longer-term outcomes. In terms of other data sources, there is limited data on trends in the financial health of arts and heritage organizations from Statistics Canada and from other sources, but, of course, this data is for the sector as a whole and not for CAHSP recipients.
- CAHSP operates in a complex environment. Most of the recipients receive other federal funding and are influenced by other contextual and market factors. It is

therefore impossible to determine a direct cause-effect relationship between CAHSP funding and the objective of organizational sustainability.

- Most of the data collection focused on recipients of government funding, who naturally tend to have a positive view towards the program being evaluated.

5. Evaluation Findings

This section presents the findings from the evaluation study, organized by the evaluation issues and questions (listed in Section 1).

5.1 Rationale and Relevance

An evaluation study typically examines the issue of the continuing relevance of a program by assessing whether the needs that existed at the time the program was introduced are still in evidence today. The methodology report identified three questions under the rationale and relevance heading.

5.1.1 Is there a continuing need for CAHSP?

CAHSP was created to strengthen the organizational effectiveness and capacity of arts and heritage organizations, and to stimulate the level of community support they receive. Few informants were sufficiently knowledgeable of the overall CAHSP program and all its components to comment on whether CAHSP as a whole is still relevant. However, the evidence from the evaluation study suggests CAHSP objectives remain relevant today, and that there is still a continuing need for CAHSP.

While CAHSP has helped many arts and heritage organizations to become stronger than they were a decade ago (discussed further later in this report), key informants pointed out that strengthening organizations and building community support are not one-time efforts. Change and evolution are inevitable. Every organization needs to grow, evolve and update its plans and practices. Not only do the people (on staff and on boards) involved with organizations change, but so does the environment in which they operate. As a result, there are ongoing and systemic needs to continue building organizations' capacity and effectiveness, and to foster community support.

Key informants also pointed out a number of new trends and challenges that face arts and heritage organizations today:

- **Increasingly competitive environment for fundraising** – Arts and heritage organizations have become increasingly adept at fundraising, thanks in part to CAHSP. However, other sectors, such as hospitals and universities, have also become more active over the past decade. And new causes such as the environment have entered the philanthropic market with great success. There is a great deal of competition for private funds and arts and heritage groups need to continue to improve fundraising efforts, if they are to maintain and increase private sector support.
- **Increasing cultural diversity of the Canadian population**— This presents a challenge to engaging people as workers, audiences, donors and volunteers. The increasing diversity of the Canadian population means that arts and heritage organizations need to adapt their structures, organizations, offerings and

operations in order to engage and educate Canadians with different cultural traditions. Updating of governance structures, strategic plans and marketing strategies are needed to respond to these societal changes.

- **Challenges of adapting to needs/interests of 21st century audiences** – Today's audiences are different than those of ten years ago, both in their characteristics (i.e., an older population with fewer families may seek out different kinds of cultural experiences), and in terms of how to reach/connect with them (i.e., use of technology, social networking sites etc). Arts and heritage organizations need to continue to strengthen their organizations and business practices, to respond to such trends, and to find new resources to finance this kind of activity.
- **Decline of volunteerism affecting both volunteer corps and board membership** – Statistics Canada documented a 13 per cent decrease in volunteerism between 1997 and 2000, and data from several provinces suggest that this downward trend has continued. Arts and heritage organizations are highly dependent on volunteers both in their operations and on their boards. There is a need to plan for changing trends in the volunteer realm.
- **Declining tourism in Canada** – Tourists are a major audience segment and source of revenue for many arts and heritage organizations. With international tourism to Canada declining in recent years, organizations have had to devise new product and marketing strategies to maintain attendance. Plans developed even a few years ago may be out of date and may need to be reconsidered.
- **A shortage of leaders for generational transition** – All workplaces in Canada face challenges in recruiting and retaining workers and leaders due to the aging population and the retirement of baby boomers. This general societal challenge is exacerbated for arts and heritage organizations by the fact that many were founded in the 1960s/70s and are going through a transition from a first generation of founders to a second generation of leaders. In creative organizations, it is often difficult to find a second-generation leader who shares the passion and vision of the founder, especially since these positions generally do not offer high pay scales. Planning for succession is a problem identified by the majority of key informants.
- In the heritage sector, additional issues include: care of collections; cataloguing and digitization of collections; loss of heritage buildings; building maintenance; loss of travelling exhibit program and transportation support; and, lack of a museums policy. Both heritage and arts organizations face issues of building maintenance and inadequate infrastructure support.

As the evaluation report was being written in November 2008, dramatic changes in Canada's economic environment were affecting government and private sector spending, ticket sales and endowment disbursements – which could have negative impacts on the financial situation of many arts and heritage organizations. These developments underscore the key informants' view that building sustainability is not a one-time effort, but an ongoing activity that continues to need support through a program such as CAHSP.

Summary: Is there a continuing need for CAHSP? – The evidence indicates there is a continuing need for a program such as CAHSP to strengthen arts and heritage organizations' effectiveness, management and financing and to help them face new challenges. Building organizational sustainability is not a one-time effort but is an ongoing activity that continues to require dedicated attention. In addition, the downturn in Canada's economy that occurred in late 2008 is having negative impacts on the financial situation of arts and heritage organizations, one example being the decision made by some community and arts council foundations, whose assets hold matching funds from PCH, to substantially reduce or suspend disbursements for 2008 and possibly beyond.

5.1.2 Is federal government intervention justified?

Federal government involvement in CAHSP has provided timely national leadership in terms of focusing attention on organizational development and sustainability for arts and heritage organizations. Evidence from key informant interviews and the literature review suggest that CAHSP contributed significantly to promoting good governance, improved administration and financial practices, and intensified a sector-wide focus on these issues. However, few believe the job is completed. Informants agreed that the federal government needs to remain involved in order to ensure Canadians have continued and consistent access to arts and heritage.

The impact of the federal government in leveraging provincial, municipal and private funds for arts and heritage via CAHSP was seen to be very important and significant. The matching aspect of the funding and the criteria for the various components have brought together partners to support arts and heritage; however, if the federal government decided to pull out, it was felt that this multi-level support would not survive because of the legitimizing effect and power of the federal government across the country.

The public response during the recent federal election to arts funding cuts indicates that there is considerable public support for continued federal government funding of arts and heritage organizations. Public opinion surveys also show that Canadians support federal spending on arts and heritage.

Summary – Is federal government intervention justified? –Federal government intervention is justified since federal leadership successfully stimulated a cross-Canada focus on issues of sustainability and leveraged funds from other levels of government and the private sector – something that no other level of government or private foundation could have accomplished. The matching aspect of CAHSP's funding and the criteria for the various components have brought together partners to support arts and heritage. If the federal government decided to pull out, key informants stated that this multi-level support would be threatened due to the legitimizing effect of the federal government's involvement across the country.

5.1.3 Is CAHSP aligned with departmental and Government priorities?

CAHSP is formally situated in the PCH Program Activity Architecture for 2008-2009, under Strategic Outcome #1: "Canadians express and share their diverse cultural experiences with each other and the world." CAHSP is a sub-activity within the "Arts" program activity.

CAHSP supports this Strategic Outcome by increasing the self-reliance and stability of arts and heritage organizations, and supporting cultural development in Canadian communities.

The 2008-2009 *Report on Plans and Priorities* for the department does not explicitly identify CAHSP. However, in accordance with Treasury Board Secretariat guidelines for the preparation of these reports, departments are encouraged to identify only the major priorities for the year and not describe each and every program.

Turning to government-wide priorities, the notion of organizational sustainability is incorporated in recent federal budgets. For example, Budget 2006 removed the capital gains tax from gifts of publicly-listed securities to charities. In Budget 2007, this initiative was extended further by eliminating the capital gains tax on donations of publicly-listed securities to private foundations, which already has had a major impact on the arts.

The federal budget of February 2008 outlined a number of budget re-allocations, which affected some CAHSP components. The Stabilization component has been eliminated. While the authority for the Limited Support to Endangered Arts Organizations component is maintained, funding to the component has been eliminated as of 2009-2010. The Capacity Building component budget has been reduced, and is in its final funding cycle. As of November 2008, the Arts Policy Branch indicated to the evaluation team that it would like to propose a new component within a re-branded CAHSP to continue to support the sustainability of Canadian cultural organizations.

Summary: Alignment with Government priorities– CAHSP is formally situated in the PCH Program Activity Architecture. Through the introduction of additional tax incentives for gifts to charities, the notion of organizational sustainability was also incorporated in federal Budgets 2006 and 2007. In 2008, management concluded that components of CAHSP achieved their objectives. The Program maintains a budget of $33.8 million for 2009-2010, following reductions of $4.2 million.

5.2 Success/Impacts

5.2.1 Achievement of immediate and intermediate outcomes

CAHSP has several intended immediate and intermediate outcomes, shown in the logic model presented earlier in Figure 1. This section presents the findings of the evaluation regarding the program's success in achieving each of these results/outcomes.

a) "Arts and heritage organizations benefiting from the program are equipped with the knowledge and tools necessary to implement efforts towards building sustainability"

Two of CAHSP's components in particular have helped a large number of arts and heritage organizations to improve their organizational sustainability. Between 2002-2003 and 2007-2008, a total of 732 organizations benefited from CAHSP's Capacity Building component, receiving a total of $37 million in support for 1,077 projects. The Stabilization component has invested another $10 million in 10 projects and over 200 arts organizations have participated (although as noted earlier, several of these projects were launched prior to CAHSP under the former Cultural Initiatives Program)

Key informants reported that arts and heritage organizations are sounder organizationally, more sustainable, more adept at marketing and fundraising, better supported by communities and generally have more diverse funding sources as a result of Capacity Building support. Virtually everyone believed that Capacity Building had achieved concrete and positive results and that the sector is much stronger as a result of this program.

Several informants noted that governance, marketing and fundraising are now more firmly ingrained in arts and heritage organizational culture than a decade ago.

The key informant interviews and case studies indicated that the Capacity Building component is considered to be an essential source of funding, since there are few other sources of funding support for this type of organizational development activity. Most of the projects would not have been carried out at all or at a much-reduced level had Capacity Building support not been available.

These findings from the key informant interviews and case studies are supported from a 2007 survey of 175 Capacity Building recipients commissioned by PCH.[5] The survey found that 33 per cent of projects focused on audience development and marketing, followed by 28 per cent on financial self-sufficiency, 21 per cent on management practices and 13 per cent on governance. Overall, recipients highly rated the success of their projects. On a 1-10 scale, governance projects were rated at 7.9, followed by management practices at 7.8, audience development and marketing at 7.5 and financial self-sufficiency at 7.0. In terms of the importance of the program, some 74 per cent of recipients stated that they would "very likely" apply to the program again.

[5] *Capacity Building – Recipient Survey*, ArtExpert.ca, January 2007.

While the overwhelming majority of results for Capacity Building projects reviewed in the course of this evaluation were positive, one key informant provided evidence of a project that led to the collapse and closure of the organization involved. This informant stated that the project funding resulted in the creation of an inappropriate organizational structure and the loss of its volunteer base.

In terms of geographic coverage, the Capacity Building component has had limited take-up in Atlantic Canada and the North. The reasons are thought to relate to such factors as eligibility requirements (e.g., the requirements for year-round staff, matching and incorporation) and access to other components, such as Stabilization. There have been stabilization projects in three of the four Atlantic provinces, which might have affected uptake to the Capacity Building component, as involvement in stabilization projects made organizations ineligible for Capacity Building funding.

Turning to the Stabilization Projects component, these projects tended to take place in urban centres or concentrated population areas, but many regions, including the entire province of Quebec did not take advantage of this component. Interestingly, the largest arts organizations in the county, which are based in Toronto and south-western Ontario, did not participate in a Stabilization Project. No research is available to explain these occurrences.

Overall, key informants stated that Stabilization Projects reported generally positive results, depending on the project and the individual organization. These were very challenging projects in which to participate, but in many cases, the efforts seemed to have been productive. In one case, the Stabilization Project is being transformed into an organization that will continue to operate into the future. This durability beyond the stabilization period was not envisaged as part of CAHSP and is a testament to the project's success.

The majority of organizations participating in Stabilization Projects showed improved governance, administration and financial health in the short term. Limited information is available to determine whether these results continued over the longer term.

Some organizations did not complete the Stabilization Projects. The majority of these could not maintain their eligibility criteria. The implications of this action on these organizations are difficult to assess.

As discussed later in this report, a main conclusion regarding this component is that the vast majority of organizations that were interested and eligible to participate have already done so, as no new projects have appeared in recent years (the last year in which a new project was announced was 2003-2004). There was a general consensus among key informants that the particular approach taken by Stabilization Projects has achieved its objectives. Other approaches that extend community involvement are being discussed across the country.

Summary: "Arts and heritage organizations benefiting from the program are equipped with the knowledge and tools necessary to implement efforts towards building sustainability" –The Capacity Building and Stabilization Projects components have helped a large number of arts and heritage organizations to improve their organizational sustainability. Key informants reported that arts and heritage organizations are sounder organizationally, more sustainable, more adept at fundraising, better supported by their communities and have more diverse funding sources as a result of the Capacity Building component. Similarly, Stabilization Projects were also viewed to have achieved generally positive results. The vast majority of organizations that were interested and eligible to participate have done so, as no new projects appeared in recent years. There was a general consensus among key informants that the particular approach taken by Stabilization Projects has achieved its objectives. Other approaches that extend community involvement are being discussed across the country.

b) "Raised capital and created endowments for arts organizations benefiting from the program"

This intended result is associated with the Endowment Incentives component. PCH internal data show that from 2001-2002 to 2007-2008, 121 organizations received $73.4 million in support from this component. This support matched $104.4 million in private sector donations to endowment funds. Assuming a 5 per cent rate of return on the endowment funds, annual revenue to the benefiting organizations is $8.9 million. However, as this evaluation report was being completed in late 2008, the global economic crisis together with recent changes in Canada Revenue Agency regulations have already affected the disbursement decisions related to endowments.

Of all of the CAHSP components, Endowment Incentives received the most positive comments from key informants. The two case study organizations also indicated that this component has had positive impacts.

The component is viewed as having a strong incremental impact on the level of private donations to artistic organizations. In many cases, the existence of this component has led to the establishment of an endowment fund. For example, in one case study, the organization had talked about setting up an endowment fund back in 2000, before CAHSP existed. However, there was little interest from either the board or prospective donors. CAHSP was launched in 2002 and the chair of the foundation decided to make a personal donation of $200K in order to obtain the matching funds from CAHSP.

The professional staff interviewed in several arts organizations emphasized that this component really did stimulate private donations. As an example, one fundraising executive stated that donors in Alberta were very pleased to see federal government money returning to support the community, and thus were very engaged as a result of this incentive. This informant also stated that the existence of a federal support program increased donor confidence by giving the arts organization more credibility.

Another arts organization executive stated that "eyes light up" when potential donors are informed about the matching funding from the federal government. The existence of this component has resulted in an increase in the average size of donations and fewer refusals. The organization has raised about $10 million over 4 years, which generates about $700K annually in revenue.

We came across only one arts organization where the component appears to not have had an incremental impact on private donations. In this organization, fundraising was accomplished without donors knowing about the matching by the federal government. The organization had set up a foundation to focus on fundraising at a time when the associated arts organization was in a state of crisis. Most donations were structured over a five-year period (a common approach). The existence of the Endowment Incentives component was discovered some time later. Thus in this case, it seems that the matching was a much appreciated "bonus" but was not a factor in motivating additional donations.

Another key feature of this component is that the endowment has provided a new revenue stream for the benefiting organization, thus diversifying its revenue sources. This endowment revenue has been generated with minimal cost, in comparison with other operating revenues from ticket sales and fundraising. Thus this revenue has been more valuable than other streams. However, a few informants emphasized that very few organizations in Canada have sufficiently large endowments to provide a significant ongoing revenue stream. Canada Revenue Agency disbursement regulations also have been modified, allowing some community foundations to suspend disbursements while the current economic crisis is in full swing.

A positive feature of this component is that it is generally simpler in its administration compared to the other CAHSP components, both for recipients and for PCH (although further simplification is needed).

As discussed later, the main criticism of Endowment Incentives relates to its success: the level of donations to arts organizations' endowment funds has increased such that the level of matching by the federal government has been reduced over the years, from 1 federal dollar for every private dollar raised to just over 50 cents on the dollar. Informants felt that this has reduced donor motivation.

Another widespread criticism is that heritage organizations are not eligible for Endowment Incentives. According to CAHSP management, the policy decision by PCH to include only arts organizations reflects the origins of the component, as CAHSP was originally conceived as an arts-focused program. However, heritage organizations noted that Endowment Incentives would also be a valid mechanism for heritage organizations. Heritage organizations typically have mandates to preserve collections in perpetuity and as legacies for their communities. Endowments are established for long-term support of their affiliated organizations. As a result, the link between the legacy implications of collections' maintenance and the long-term support provided by endowments provides a good argument for an endowment stimulus program for heritage organizations.

Interestingly, a report commissioned by PCH in 2004 concluded that an endowments component might be beneficial for heritage organizations.[6]

Summary: "Raised capital and created endowments for arts organizations" – The Endowment Incentives component has provided $73.4 million to 121 arts organizations over the past 7 years, which have raised $104.4 million in donations. Assuming a historical 5 per cent rate of return, these endowment funds would generate $8.9 million in annual revenue for the benefiting organizations (although this figure will be reduced as a result of the global economic crisis that emerged in the fall of 2008). Most of these donations are likely to have been incremental, i.e., they would not have occurred in the absence of this component. The main criticisms are that the federal government is not able to provide matching due to the cap on the component's budget and heritage organizations are not eligible.

c) "Bankruptcy avoidance for important arts institutions"

Between 2001-2002 and 2006-2007, the Limited Support for Endangered Arts Organizations component contributed a total of $850K to four organizations: Calgary Philharmonic Orchestra; Winnipeg Symphony Orchestra; Orchestre métropolitain du Grand Montréal; and, Théâtre du Rideau Vert.

Three of the four organizations supported to date are orchestras. Symphony orchestras face a number of challenges, including high fixed costs and labour contracts. A review of the 2006-2007 annual report from Orchestras Canada reveals that of the three CAHSP recipients, one of the orchestras was on a very solid financial footing, whereas the two others still had substantial deficits but appeared to be recuperating. As of 2008, these three organizations continue to exist and have maintained their relationships with their communities – something that bankruptcy would have ruptured.

Key informants generally were not familiar with this component. PCH managers stated that it serves a useful purpose in that it provides a structured mechanism for responding to requests that typically begin at the office of a Member of Parliament. A strength of this component is that it requires the organization to demonstrate that it is valued in its community, as demonstrated from its ability to obtain financial support from a range of local and provincial stakeholders.

Some informants stated that eligibility criteria should be modified to allow heritage organizations to apply. One informant stated that a worthy arts organization in financial distress could not apply because the organization must be in a state of bankruptcy protection in order to be eligible.

[6] TCI Management Consultants, *An Examination of Endowment Funding as a Means of Financing Canada's Heritage Organizations*, prepared for the Department of Canadian Heritage, March 2004.

Summary: Bankruptcy avoidance for arts organizations The Limited Support for Endangered Arts Organizations component has played a vital role in helping four arts organizations in distress (including three symphony orchestras) to avoid bankruptcy. All four organizations continue to operate today. The voyage of recuperation for an organization in distress is a long and challenging one. Other forms of support are required to prevent the organization from returning to a crisis state. Some key informants suggested that heritage organizations should be made eligible for support, since many are also facing financial difficulties and would like to have equitable access to federal funding.

d) "Increased involvement by Canadian communities to sustain cultural activities at the local level"

This intended result pertains primarily to the Cultural Capitals of Canada component. The evaluation matrix in Appendix A indicates that one measure of this result is the number of applications from municipalities to this component.

The number of applications is an appropriate measure because previous research found that that the application process itself can have a significant impact in terms of bringing together the municipal government and local arts and heritage stakeholders to develop the application to the component.[7]

Table 3 summarizes the number of applications, repeat applications and designations over the history of the Cultural Capitals of Canada component.

[7] For example, see: *Formative Evaluation of Cultural Capitals of Canada and Networking Initiatives*, prepared by Kelly Sears Consulting Group on behalf of Department of Canadian Heritage, 2005. Available at: http://www.canadianheritage.gc.ca/progs/em-cr/eval2005_e.cfm.

Table 3
Cultural Capitals of Canada (CCC): Numbers of Applications and Designations, 2003 to 2008

Levels (Population)	2003	2004	2005	2006	2007	2008	Totals
> 125,000							
Number of Applications	3	3	2	4	5	4	21
Number of Repeat Applications	NA	0	0	0	2	2	4
Number of Designations	1	1	1	1	1	1	6
50,000 - 125,000							
Number of Applications	6	5	9	2	2	4	28
Number of Repeat Applications	NA	0	1	2	1	2	6
Number of Designations	2	1	1	1	1	1	7
< 50,000							
Number of Applications	20	16	13	5	8	6	68
Number of Repeat Applications	NA	1	6	3	3	2	15
Number of Designations	2	2	3	3	3	2	15
Innovative Cultural Bridges							
Number of Applications	0	1	0	0	1	0	2
Number of Repeat Applications	0	0	0	0	0	0	0
Number of Designations	0	1	0	0	0	0	1
TOTALS							
Number of Applications	29	25	24	11	16	14	119
Number of Repeat Applications	NA	1	7	5	6	6	25
Number of Designations	5	5	5	5	6	4	29

There have been a total of 119 applications and 29 designations covering the three population size categories (>125,000; 50,000 – 125,000; and <50,000) and the Innovative Cultural Bridges award. The highest number of applications occurred during the initial year of 2003 and then dropped slightly in the subsequent three years, reaching an all-time low of 11 applications in 2006. The number of applications increased slightly to 15 in both 2007 and 2008, although remaining well below the numbers from the early years of the program.[8] CCC management stated that the evaluation committee has consistently commented on the significant improvement in the quality of applications over the years, despite the drop-off in the number of applications.

The number of repeat applications has remained relatively stable: between 5 and 7 over the past 4 years. The program has not published any targets for the number of applications, so it is not known whether the number of applications has met expectations each year. A key informant who was familiar with the history of this component felt that the level of interest among municipalities had remained relatively strong and stable, thus resulting in a genuine "competition." However, we note that for the middle-size category, there have been only 2 to 4 applications during each of the past 3 years.[9] This raises the question of the appropriate lifetime for this component, given there is a finite number of possible applicants in each size category.[10]

[8] For 2009 there were 12 applications.
[9] In 2009, there were 5 applications in the 50,000-125,000 category, including 3 repeat applications.
[10] According to Statistics Canada 2006 census data, there are 36 municipalities in Canada with at least 125,000 population, and 57 municipalities with a population of between 50,000 and 125,000. See: http://www12.statcan.ca/english/census06/data/popdwell/Table.cfm?T=301&S=3&O=D.

The impact of this component on cultural activities was examined by the 2007 *Cultural Capitals of Canada Community Survey*.[11] The survey found that two-thirds of recipients and community partners felt that the process of applying for a CCC designation led municipal officials to become more aware of the scope of cultural activities within the community. One-half felt that the designation helped to bring together many stakeholders such as business, cultural workers and different parts of the municipal government that had not previously worked together.

The key informant interviews with representatives of several Cultural Capitals recipients found that receiving the designation contributed significantly to the implementation of cultural activities in the community. A case study showed not only significant short-term results but also continued and expanding results over a period of four years following the designation. Cultural spending per capita in this small city had increased in the years following the designation and been maintained at a significantly higher level than before receiving the CCC designation. The CCC designation was seen as vital in gaining the support of local politicians for spending on arts and heritage.

However, the key informant interviews suggested that the component has had a greater impact in small and medium-size cities compared to large ones, where it is difficult for the award to achieve profile.

Summary: "Increased involvement by Canadian communities to sustain cultural activities at the local level" – The Cultural Capitals of Canada component has contributed to helping communities that apply for the designation to sustain cultural activities at the local level. Over the history of this component, there have been a total of 119 applications, and the process of applying to the component has a positive impact in terms of bringing stakeholders together. The component also appears to have had a positive impact in terms of the longer-term sustainability of cultural activities.

e) "Development of national networks to support local cultural involvement"

Only three networks have been supported by CAHSP since its inception. Support to one network was discontinued[12], but the two remaining networks—the Creative City Network and Les Arts et La Ville— are viewed by key informants as having been highly effective.

The networks are recognized for having increased municipal support for arts and heritage, and for promoting good professional practices at the local level. Informants from smaller and remote communities in particular commented that the networks gave them access to research, ideas and practices that they would never have been able to access on their own. This information helped them make the case for arts and heritage support in their own communities and stimulated local cultural involvement. Many informants also

[11] Corporate Research Associates Inc., *Cultural Capitals of Canada Community Survey*, prepared for Department of Canadian Heritage, November 2007.
[12] The Arts Network for Children and Youth received support in the past from CAHSP's Networking Initiatives. This organization continues to exist.

commented on the fact that the networks helped them overcome the isolation of being a sole cultural worker in a municipal milieu.

The research, communications activities, and colloquia organized by both networks are said to be of excellent quality and were cited as being used by municipalities. A 2008 members' survey by Les Arts et La Ville showed a high level of satisfaction by members.

Indicators of success for both networks are an increased number of members and, in the case of Les Arts et La Ville, an expansion to francophone communities outside Québec.

The 2005 formative evaluation noted that the Creative City Network is highly dependent on CAHSP funding, and a strategy was required to achieve sustainability. However, the same situation exists in 2008.

These national networks have been successful in supporting local cultural involvement. However, this component is criticized for supporting two networks; it basically operates as a "two client program."

Summary: "Development of national networks to support local cultural involvement" – The Networking Initiatives component currently supports two networks. Key informants reported that both the Creative City Network and Les Arts et La Ville are operating effectively. However, this component has only two clients at this time. While there is the possibility of continuous intake, other organizations applying to this component have not met the eligibility criteria.

f) "Arts and heritage organizations benefiting from the program are supported in their communities"

This is one of the two intermediate outcomes of CAHSP.

Almost all of CAHSP was structured to incent more community partners to become involved with recipient organizations. As discussed earlier, the Endowment Incentives component has had a significant impact on generating donations from the community to arts organizations. Stabilization projects were community generated, thus involving many volunteer community leaders acting as resources and advocates. These projects also leveraged $43 million over their total lives in addition to the funds from PCH. The Limited Support for Endangered Arts Organizations requires the applicant to demonstrate that the organization has significant support in its community. The Networking Initiatives component has supported two networks which have provided municipalities with useful research, know-how and best practices that have led to increased community support for arts and heritage organizations' activities.

Turning to the Cultural Capitals of Canada component, as shown in the evaluation matrix, one indicator is the extent to which cultural policy development has been integrated into municipal planning. The 2007 "Cultural Capitals of Canada Community Survey" found

that, in many cases, the CCC designation led to the creation, updating or implementation of a cultural policy or plan, or to greater integration of culture within municipal planning.

The survey also found that one-half of recipients and community partners felt that the CCC designation led the municipal government to provide more ongoing support for arts and culture activities in the community. Thus, according to this survey, the component appears to have been partially successful. No quantitative data is available on the trend in municipal funding for arts and heritage organizations pre-post receipt of the CCC designation. One of the CCC case studies stated that the trend line is positive in this particular city and that being a Cultural Capital has had a direct impact on spending on arts and culture.

Another indicator listed in the evaluation matrix is: "extent to which local arts and heritage organizations experienced a positive impact from the community being named a Cultural Capital of Canada." However, information on this indicator is not routinely collected for each Cultural Capital. (The file review found that one Cultural Capital had planned to conduct a survey of arts and heritage organizations but it was not completed.) One of the case studies reported that the CCC designation had only a minor direct impact on arts and heritage organizations in the community, as they were not directly engaged in the various CCC projects. However, three key informants from funding and service organizations indicated that arts organizations had received significantly increased funding after their cities had been designated as a Cultural Capital. In summary, limited evidence is available on this indicator and it would require further research. This indicator should also be considered as part of the component's ongoing performance measurement strategy.

Summary: "Arts and heritage organizations benefiting from the program are supported in their communities" – Almost all of CAHSP was structured to incent more community organizations to become involved with recipient organizations. For example, the Endowment Incentives component has had a significant impact on generating donations from the community to arts organizations. Stabilization projects were community generated, thus involving many volunteer community leaders acting as resources and advocates. The Cultural Capitals of Canada component has had a positive impact in terms of incorporating culture into municipal planning. Relationships between the local municipal government and local arts and heritage organizations have also been enhanced. It is not clear whether receipt of the CCC designation consistently leads to increased municipal funding of arts and heritage organizations. Quantitative data on this indicator should be regularly tracked for all CCC recipient communities.

g) "Contributes to improved organizational, administrative and financial health of arts and heritage organizations"

Key informants stated that, without doubt, arts and heritage organizations are sounder organizationally, more sustainable, more adept at marketing and fundraising, and generally have more diverse funding sources as a result of CAHSP. Virtually everyone

felt that CAHSP has achieved impressive results and that the sector is much stronger as a result of this program.

Only limited objective data is available on trends in various financial indicators pertaining to arts and heritage organizations. PCH does not have a process for collecting financial data directly from funding recipients and for reporting to Canadians on trends. One exception is the Endowment Incentives component, where the program maintains a database for tracking data on the level of private donations and other indicators. This subject is discussed further under the discussion on performance measurement.

Outside of the department, one source of data is from Business for the Arts (formerly Council for Business and the Arts in Canada), which collects data from mostly large performing arts and heritage organizations. These data were reviewed in order to illustrate the situation before and during the years covered by CAHSP. The data has a number of limitations, one of which is that they do not represent CAHSP recipients specifically. They also do not represent the two sectors as a whole, since the samples are biased towards larger organizations.

Despite these reservations, there are a number of useful observations in the Business for the Arts data from 105 performing art and 77 heritage organizations that participated across the 10-year period 1996-1997 to 2006-2007 (adjusted for inflation). The highlights are provided in Table 4.

Total revenues (real dollars) increased by 32 per cent for arts organizations and 18 per cent for heritage organizations over the 10-year period.

The increase in the amount of private sector funding is substantial. Private revenue also increased as a percentage of total revenue, from 21 per cent to 24 per cent in arts organizations and from 7 per cent to 9 per cent in heritage organizations, reflecting a change in the mix of revenue sources for these organizations. The overall increase in private sector funding is dramatic: 54 per cent in arts organizations and 48 per cent in heritage organizations. This could reflect an influence of CAHSP, particularly the Endowment Incentives, Capacity Building and Stabilization Projects components. In the case of Endowment Incentives, organizations have received annual disbursements from endowment funds and benefited from the experience of undertaking fundraising campaigns for endowments. In the case of Capacity Building and Stabilization Projects, consultants were frequently engaged to develop marketing and fundraising plans, which would be expected to have had an impact on operational fundraising revenues. Of course, other factors would have contributed to this growth as well, such as federal government tax law changes and a healthy economy and strong financial markets.

Summary – "Contributes to improved organizational, administrative and financial health of arts and heritage organizations" – Key informants observed that there has been a change in culture in the arts and heritage sectors, as organizations have become more adept at marketing, fundraising and governance. Although available data from Business for the Arts has some limitations, revenue from the private sector in particular

has increased significantly in both absolute and proportionate terms over a 10-year period (1996-1997 to 2006-2007). While this trend could be due, in part, to the effect of some of CAHSP's components, other factors would also have contributed to this change.

Table 4
Trends in Indicators, Performing Arts and Heritage Organizations, 1996-1997 vs. 2006-2007

(i) Performing Arts Organizations

Indicator	1996-97	2006-07	Change
Total Revenue	$348 million	$460 million	32%
Earned Revenue			
• $	$175 million	$223 million	29%
• % of Total Revenue	50%	48%	-2
Government Funding			
• $	$102 million	$128 million	26%
• % of Total Revenue	29%	28%	-1
Private Funding			
• $	$71 million	$109 million	54%
• % of Total Revenue	21%	24%	3
University Funding			
• $	NA	NA	NA
• % of Total Revenue	NA	NA	NA
Surplus / (Deficit)			
• Current	NA	$7 million	NA
• Accumulated	NA	$15 million	NA
Endowment Assets	NA	$171 million	NA
Attendance	7.5 million	7.8 million	4%

(ii) Heritage Organizations

Indicator	1996-97	2006-07	Change
Total Revenue	$431 million	$508 million	18%
Earned Revenue			
• $	$88 million	$111 million	26%
• % of Total Revenue	20%	22%	2
Government Funding			
• $	$308 million	$347 million	13%
• % of Total Revenue	72%	68%	-4
Private Funding			
• $	$31 million	$46 million	48%
• % of Total Revenue	7%	9%	2
University Funding			
• $	$4 million	$4 million	0%
• % of Total Revenue	1.0%	1.0%	0.0
Surplus / (Deficit)			
• Current	NA	($6 million)	NA
• Accumulated	NA	$28 million	NA
Endowment Assets	NA	146 million	NA
Attendance	10.0 million	10.3 million	3%

Source: Hill Strategies Research Inc.

Notes: The data is for 105 performing arts organizations in table i) and 77 heritage organizations in table ii) for both years.

Amounts have been adjusted for inflation from 1996-97, except for surplus/deficit and endowment assets, which are in 2006-07 dollars.

5.2.2 Achievement of longer-term outcome

The intended longer-term outcome of the CAHSP is, "Contributes to Canadians participating in and benefiting from access to activities provided by appropriately governed arts and heritage organizations in communities that value their existence and support them."

Data on audiences from Business for the Arts were shown previously in Table 4. Audiences were stable; they increased slightly for arts organizations (4 per cent) and heritage organizations (3 per cent) over the ten-year period (1996-1997 to 2006-2007). However, because of a jump in ticketed entrance fees for heritage organizations, earned revenues increased by 26 per cent (inflation adjusted). These organizations benefited from the revenue increase, but the increase in ticket prices may have discouraged any significant attendance increase at heritage organizations.

The substantial increase in private revenue for both arts and heritage organizations in this period reflects an increased commitment to these organizations from individuals, corporations and foundations in the communities where they are situated.

According to those interviewed, CAHSP has contributed significantly to achieving long-term results by cultivating a mental shift in a large number of medium and large arts and heritage organizations about how they view their governance, management and financial administration practices. Many felt that a more balanced view of the art/heritage mandate vs. sound management and financing would influence future decision-making. Partnerships across levels of government and public and private sector are becoming normal and useful models for many organizations in the sector.

Summary: Achievement of longer-term outcome – Over the ten years (1996-1997 to 2006-2007) for which data are available, both the arts and heritage sectors experienced consistent audiences and significantly increased support from their communities, particularly from the private sector. While it is not possible to attribute these positive trends solely to CAHSP, it is reasonable to presume that CAHSP had at least some influence. As evidence, key informants indicated that a change in management approach in arts and heritage organizations has engaged their communities more effectively.

5.2.3 Unintended impacts and effects

CAHSP has had a variety of unintended impacts—both positive and negative.

A key positive impact has been the creation of several provincial funding programs designed to complement or emulate CAHSP and help with the matching requirement. Key informants mentioned that it is highly unlikely that these programs would have been launched without the existence of CAHSP. PCH appears to have filled a policy vacuum at the time and stimulated others to promote the sustainability of arts and heritage organizations.

CAHSP has also helped to give legitimacy and credibility to arts and heritage among several sectors. Many multi-level partnerships between different levels of governments and the public-private sectors were formed. Key informants commented how businesses, donors, and other levels of government looked at them differently as a result of support from CAHSP.

Another positive unintended impact was that many organizations had increased contact with staff at PCH and became more aware of the many services and programs offered by the Department and other federal agencies. The Capacity Building component in particular was cited by several key informants as a window into PCH.

One potential negative impact of CAHSP is that it may have perpetuated disparities in the health of arts and heritage organizations in different regions of Canada. Several key informants, including some PCH staff, stated that CAHSP had relatively less success in Atlantic Canada, the North and in rural areas. However, further research would be required to reach a definitive conclusion on this issue.

Summary: Unintended impacts – The unintended impacts of CAHSP were mostly positive, with the main positive impact being the creation of provincial funding programs.

5.2.4 Performance measurement

This evaluation issue concerns the availability of ongoing results-based information on CAHSP and whether such information is being reported to Parliament and to Canadians. As noted in Section I, the measurement of the results/impacts of CAHSP is challenging, given its multiple components and many intended results/outcomes.

The evaluation study examined whether any results information is being collected on funded projects and whether this information is "rolled up" in a regular performance report for CAHSP as a whole.

The program has developed an RMAF and updated it over the years. The RMAF includes a set of performance indicators. Internally, program/component managers monitor a variety of basic activity/output/outcome indicators. For example, a database keeps track of the amount of private sector donations generated by Endowment Incentives recipients. This data is easy to track, since applicants provide this information in their applications for funding support. CAHSP management stated that is also monitors changes in the financial health of these recipients over time. However, this information is not publicly available.

Overall, limited results information on CAHSP is published on an ongoing basis. To take an example discussed previously, one indicator of the success of the Cultural Capitals component is the level of municipal spending on arts and heritage pre and post receipt of the designation. Information on the pre-award period is available, as applicants must supply this data as part of their application. However, this indicator is not tracked for the post-award period. As discussed previously, the program commissioned a one-time survey of recipient communities, which captured some subjective (opinions-based)

information on this indicator. Thus the challenge for program management is how to monitor and report on the results of this component (and all CAHSP components) on an ongoing basis.

Given CAHSP is all about the sustainability of arts and heritage organizations, we would expect the program to monitor this central objective and to report on it regularly. One indicator would be trends in the financial health of arts and heritage organizations over time. However, no information is available on this subject. The program stated that data collection is not feasible, particularly for Capacity Building recipients, as the majority of recipients undertake only one project and therefore it would not be appropriate to monitor trends over time.

In contrast to some other PCH programs, CAHSP does not publish an annual report. No information on CAHSP is incorporated in the annual departmental performance report (however, as noted earlier, TBS guidelines encourage departments to not report on each and every program). Thus little results-based information on CAHSP is available to Canadians.

Some periodic results-based information has been generated for CAHSP. As noted in Section I, Evaluation Services at PCH commissioned a formative evaluation in 2005. Two recipient surveys were commissioned by CAHSP prior to the summative evaluation. A few research studies have been commissioned over the years, including studies of the stabilization experience and on endowments, although these reports are not available on the program's website.

Going forward, PCH indicated that it plans to improve performance measurement for CAHSP. A performance measurement exercise is underway at the branch level and the program plans to report on CAHSP as part of an annual report for the Cultural Affairs Sector.

Summary: Performance Measurement – Little results-based information is published on CAHSP on an ongoing basis. A main gap is the lack of data on trends in the organizational health of funded organizations in comparison to the sector as a whole. An annual report for CAHSP is not prepared, although there is now a plan to report on CAHSP along with other programs in an annual report for the Cultural Affairs Sector.

5.3 Cost-Effectiveness/Alternatives

5.3.1 Design and delivery

There is a very high level of satisfaction with the performance of PCH staff in terms of CAHSP delivery. Many key informants commented favourably on the helpfulness of PCH staff, even when they were not directly asked about it.

While staff across all of CAHSP's components received high marks, there was considerable criticism of program administration, particularly the heavy reporting requirements. The vast majority of informants reported that the level of detail required in

reporting and accounting, combined with the frequency of required reports, placed an undue administrative burden on them. Most felt the application and reporting requirements were excessive given the small amount of funding, particularly for the Capacity Building component.

There was also some criticism of the application process for some components and with the length of time to receive feedback on applications. Some commented that other funding agencies, and even other funding programs within PCH, use more a streamlined process involving online applications. Some organizations observed that they had to deliver the same documentation year after year and stated that surely PCH could keep background documents on file.

Each component of CAHSP was designed separately and there was a different approach to program delivery in terms of decision-making processes. Most components were managed at headquarters, but one was operated out of the regions. Different methods were used to assess applications with some components calling on an external advisory committee (in our experience, a best practice for grant and contribution programs) while others relied on staff committees or financing formulas.

One component, Capacity Building, supported a project-based approach and some organizations have received funding for multiple projects. There may need to be a more comprehensive, multi-year approach and measures to prevent organizational dependency on this funding for operations. While it is unclear from the evaluation whether organizational dependency was a real issue, it was noted that several recipient organizations had benefited from three sequential years of project funding and seemed to be planning on future applications.

The variations in program design and delivery are partly due to the customized and flexible nature of CAHSP, with different components being specifically designed to fulfil certain objectives. Nevertheless, the program would benefit from some streamlining and more consistent approaches from one component to another.

Summary: Design and delivery – Each CAHSP component was designed and delivered differently, in order to meet particular program objectives. This had mixed results: the program components were very customized and targeted to the needs of particular audiences, but overall program design and delivery was perhaps unnecessarily complex. CAHSP administrative requirements were deemed by virtually all informants to be burdensome, however, PCH staff received high praise for the level of service provided.

5.3.2 Are arts and heritage organizations equally well served by CAHSP?

Overall, heritage organizations have not benefited from CAHSP to the same extent as have arts organizations.

CAHSP was originally conceived to assist arts organizations, and heritage organizations were included in some components just prior to program launch. Considering anticipated

program results and available resources, it was determined that heritage organizations could be eligible to some components.

The lack of eligibility of heritage organizations to Endowment Incentives meant that they were unable to access matching funding that encourages private donations. Representatives from the heritage sector feel that this made them less competitive in terms of raising endowment funding. The heritage sector considers the exclusion from the Endowment Incentives component to be short-sighted, given that heritage organizations have a mandate to protect their collections in perpetuity and would truly benefit from enriched endowments. On the other hand, the data presented earlier in Table 4 from Business and the Arts indicate that heritage organizations have been able to build significant endowment assets without having access to this CAHSP component. Their position in the market as holders of legacy may have influenced donors for such legacy gifts.

There is no equivalent to the Limited Support for Endangered Arts Organizations for heritage organizations and it is unclear whether a similar component would have helped the heritage sector.

Even in components where heritage organizations were clearly targeted and funded, heritage organizations have benefited less than arts organizations. Of the nearly 1,100 Capacity Building projects, for example, less than 40 per cent (390 out of 1,100) were from the heritage sector.

On the other hand, both arts and heritage organizations have been well served by the Cultural Capitals of Canada and Networking Initiatives program. Informants noted that communities normally consider arts and heritage to be interwoven and that CAHSP components aimed at fostering community support work better when they embrace both sectors.

In summary, while the name "Canadian Arts and Heritage Sustainability Program" might lead to perceptions that CAHSP is aimed equally at both sectors, the design of the program and the eligibility requirements for the various components meant that heritage organizations have not benefited to the same extent.

Summary: Are arts and heritage organizations equally well served by CAHSP? – CAHSP was designed to serve arts organizations more than heritage organizations and some components are targeted solely at the arts sector. Consequently heritage organizations have benefited less from CAHSP than have arts organizations. Consideration needs to be given to whether all CAHSP components should be open to both arts and heritage organizations. Alternatively, it may be better to serve heritage organizations through a separate program.

5.3.3 Do all six components of CAHSP work together effectively as an accessible and coherent program?

While all six components generally are complementary in achieving the higher-level outcomes of CAHSP, they target different recipients, and have varying methods of delivery, assessment and reporting. There are diverse management and administrative operational mechanisms in place for the various CAHSP components. Some have a direct impact on arts and heritage organizations, others have indirect impacts. While this may seem confusing on the one hand, it reflects a capacity to be flexible in response to the needs of the sector.

CAHSP does not appear to have been communicated to Canadians as a single program. While PCH managers may feel that the components were branded as a result of being brought together under a program called "CAHSP," there was evidence of communications issues that dispersed these components. The PCH website does not consider all the CAHSP components as a single program and the data collected from this study suggests they are not understood as one program by most key informants outside of PCH.

Overall, there appear to be three program clusters aimed at different target audiences: one aimed at strengthening arts and heritage organizations (Stabilization/Capacity Building); a second aimed at providing financial support and stability to arts organizations (Endowment Incentives and Limited Support to Endangered Arts Organizations); and a third aimed at increasing interest and support for arts and heritage organizations and activities within municipalities (Cultural Capitals of Canada and Networking Initiatives). All three clusters do support the objective of sustainability and are complementary to one another. By supporting organizations and reaching beyond them into the local community and ensuring support at this level, CAHSP reflects the broader definition of sustainability found in the non-profit field.

Summary: Do all six components of CAHSP work together effectively as an accessible and coherent program? – While there are significant complementary relationships within CAHSP, the branding of CAHSP as a single program was limited due to communication issues and differences among the components in terms of administration approach, client base, and level of impact. Despite this, the impact of the program on organizations and their local communities reflects a more broadly accepted notion of sustainability.

5.3.4 Administrative efficiency

As shown earlier in Table 2, CAHSP's total expenditures over the seven years covered by the evaluation were $160.1 million. Administrative costs totalled $26.2 million over this period, or 16.4 per cent of total expenditures.

This administrative cost ratio is higher than some other PCH programs in the cultural sector. This is due to a number of factors. Project-based grant and contribution (G & C) programs tend to be more costly to administer, due to the substantial amount of oversight

and reporting required. In the case of the Capacity Building component, most of the contributions are of small size, and this component has been delivered regionally.

Summary: Administrative efficiency – Over the history of CAHSP, the administrative cost ratio has been 16.4 per cent. This relatively high ratio is explained in part by such factors as the high level of oversight/analysis for Capacity Building projects, the extensive reporting required and the decentralized administrative structure.

5.3.5 Alternatives

There are no existing federal programs that provide an alternative to CAHSP. CAHSP generally does not appear to overlap or duplicate other federal programs. Programs with similar objectives do exist elsewhere, but these are all much more limited.

The Canada Council's "Flying Squad" program does provide arts organizations with assistance that is somewhat similar to the CAHSP Capacity Building component. The two programs have different scales and emphases. Generally, the "Flying Squad'" helps organizations that are in difficulty or in need of advice/direction by providing a small amount of funding and provision of expert help on a short-term, intervention basis. CAHSP helps organizations develop and grow over the longer term by providing funding that helps them strengthen their organizational effectiveness and management practices. In our file review, we noted that one organization had received support from Capacity Building and the Flying Squad program on the same project.

An alternative to CAHSP would be for the Government to provide more funding to the Canada Council to help arts organizations through both stages of organizational development—short-term assistance and forward planning. A parallel approach could be taken to heritage organizations by providing increased funding through the Museums Assistance Program (MAP). We note that PCH plans to conduct an evaluation of MAP in 2009. Note that these alternatives would not serve the full range of CAHSP clientele (for example, presenter organizations are not eligible for Canada Council funding).

Other alternatives to CAHSP could be considered. Programs, resources and tools could be developed and delivered by third-party organizations or made available on the web.

Instead of funding capacity development initiatives on a project basis, organizations could be provided with multi-year funding for core operations or for implementation of a long-term strategy instead. Some informants specifically mentioned that the constant control and monitoring by PCH of project funds did not give them much flexibility in terms of management or innovation.

Another alternative to CAHSP mentioned would be for PCH to fund specific priority areas, such as technology innovation.

For the Cultural Capitals of Canada component, an alternative would be to provide funding directly to arts and heritage organizations, cultural collectives or a regional non-profit entity, rather than to municipalities. By funding community arts and heritage

partnerships to stage and coordinate cultural capital activities, the linkages to organizational sustainability might be more direct.

Another alternative for CAHSP would be to build on its orientation of community engagement and partnership support and thus develop more collective interventions that would continue to emphasize the sustainability of arts and heritage organizations in the community. This would be an alternative to some of the CAHSP components that focus on the individual organization.

Summary: Alternatives – There are no existing federal programs that would serve as an alternative to CAHSP. Alternatives that could be considered include giving increased funding to the Canada Council for organizational development of arts organizations, to the Museums Assistance Program for heritage organizations and/or to third party organizations. Alternatively, some CAHSP criteria and components could be reconsidered.

5.4 Summary of Findings for CAHSP Components

This section summarizes the findings of the evaluation for the individual CAHSP components.

5.4.1 Stabilization Projects

Stabilization projects in 10 different regions have involved some 200 arts organizations in intensive development programs to improve sustainability and have created good partnerships between the federal government, other levels of government and the private and non-profit sectors.

Stabilization is a regionally-based, collective and public/private partnership approach to strengthening operations and enabling arts and cultural organizations to become more self-reliant and sustainable over the years. The strengths of stabilization came from the rigorous learning program facilitated by external consultants, the collaboration and sharing amongst those involved in the project, and from the working capital provided, depending on compliance to certain balance sheet requirements by individual member organizations. Organizations that participated in stabilization projects developed stronger governance, organizational and financial practices. A few were able to benefit from new technological solutions (such as shared software) and most benefited from the support of consultants to reshape their organizational processes. A specific result cited was that, before stabilization, many organizations functioned with chronic deficits but that afterwards deficits were rare.

Being regionally based, stabilization projects have generally taken place in urban centres or concentrated population areas; but there are many regions (including all of Québec[13])

[13] Quebec administered its own stabilization program (Fonds de consolidations et de stabilisation des arts et de la culture du Québec), which began in 1999 and is no longer in operation. Its goals were somewhat similar to CAHSP but its projects were structured differently, which made them ineligible for CAHSP

that did not take advantage of this component. Also, many of the largest arts organizations, which are based mainly in Toronto and southern Ontario, did not participate in this component.

Most stabilization project participants reported improved governance, administration and financial health in the short term. There is no project-based evaluation information on whether benefits have continued over time.

Some organizations that joined stabilization projects did not complete the multi-year process. Those that dropped out did so primarily for reasons relating to financial difficulties. Several informants commented that stabilization projects worked relatively well for medium organizations, but not so well for smaller organizations and very large organizations.

Although results of the stabilization projects were generally positive, key informant interviews revealed muted enthusiasm for the stabilization process. It was often described as unnecessarily "painful" and there seemed to be little attachment to the process. Many felt the time had come to move on to alternative mechanisms for promoting sustainability.

The key strength of this component has been the multi-year nature of the projects, which allowed a long-term approach to building sustainability and the shared/peer-based learning approach. As well, the involvement of private sector partners has been very positive.

A main conclusion regarding the Stabilization Projects component is that the vast majority of organizations that was interested and eligible to participate and benefit have already done so, as no new projects have appeared in the last four years. There is a general consensus among informants that Stabilization Projects have completed their objectives and are naturally winding down.

The Department has announced that Stabilization Projects will not be renewed beyond March 2010.

5.4.2 Capacity Building

Capacity Building is arguably the best known of all the CAHSP components among arts and heritage organizations. As reported earlier, it has assisted over 700 arts and heritage organizations directly to carry out just under 1,100 projects, many of which involved external partners. Capacity building projects were very diverse. Funding amounts ranged from less than $5,000 to $250,000.

funding. No information is available as to whether the existence of the Quebec provincial program had an impact on take-up for CAHSP's Stabilization Projects component.

The types of projects and the nature of the recipients varied enormously. There were four main categories of projects:

- Governance (over $12 million invested in more than 400 projects).
- Financial self-sufficiency (over $2 million invested in over 350 projects).
- Audience and Membership Services (over $6.4 million invested in nearly 200 projects).
- Management Practices (nearly $6 million invested in almost 150 projects).

There were separate streams for arts and heritage organization and there were about twice as many arts recipients as heritage recipients.

The nature of the recipients was very diverse and included 82 youth organizations, 97 culturally diverse organizations, and 53 Aboriginal organizations.

Capacity Building succeeded best in central Canada, with over 70 per cent of funding going to projects in Ontario and Québec. There was relatively good participation in the Prairies and British Columbia, but little uptake in Atlantic Canada, the North and some rural areas. There have been no projects in Newfoundland since 2003-2004.

The lack of participation in these regions is attributed to the challenges of raising matching funding and meeting criteria for year-round operations. As well, in some regions, many organizations took part in Stabilization Projects rather than Capacity Building.

The evidence gathered in the evaluation study revealed that, with one exception, there was very strong support for Capacity Building, which was consistent across both arts and heritage sectors and in a very broad range of organizations from different disciplines and in both large and small communities.

The Capacity Building component appears to have had a positive impact in terms of strengthening arts and heritage organizations' governance, administration and financial practices. In some cases, the projects were very successful and achieved significant results from very small amounts of funding. Many recipients mentioned that these projects led to the restructuring of their organizations, provided much more focus on business and management dimensions and helped to prepare plans that have since been implemented. A comment heard repeatedly was, "this program has made a difference: we could never have done this project without support from Capacity Building." A much-appreciated aspect of Capacity Building was its flexibility, which allowed it to be targeted to the needs of individual organizations.

Capacity Building was directed at organizations that were already relatively professional in their orientation. Capacity Building did not attempt to assist the huge number of very small, seasonal, volunteer run arts and heritage organizations that exist across the country. Some key informants suggested that the needs of these organizations should be addressed in the future.

In some cases, organizations applied for Capacity Building funding year after year. This may suggest that either a multi-year approach is needed and/or that some organizations are becoming dependent on Capacity Building project funding.

The major criticisms of Capacity Building were administrative and related to the time it took to approve applications and the reporting/accounting requirements. Virtually every single informant commented that the level of detail and the frequency of reports were extremely onerous, particularly given the small amount of funding. Some of these issues were addressed in the renewed terms and conditions of the program in 2005, when grants to recipients were made possible for small amounts of funding as of 2006-2007. This reduced the reporting requirements for grant recipients. (On the other hand, we interviewed organizations who had experience with both grants and contributions and stated that they had not noticed any difference in burden.)

One of the most successful case study projects involved a member service organization, which developed tools for multiple organizations, as opposed to the more typical Capacity Building project that touched only one organization at a time. It may be appropriate to encourage this sort of broader initiative.

5.4.3 Endowment Incentives

Endowment Incentives is universally seen as a success, notwithstanding some unintended reductions in foundation pay-outs resulting from changes in Canada Revenue Agency regulations and the significant market reductions experienced in late 2008. This component has increased private donations to arts organizations, built new revenue streams for arts organizations, and encouraged a long-term view to financial management through endowments.

As noted earlier, some 121 arts organizations have participated to date. The total federal investment has been $73.4 million and this has leveraged donations from the private sector of more $104.4 million.

Endowment Incentives received the most positive comments of any of the CAHSP components. Virtually everyone praised the component and felt it had contributed significantly to an increase in private donations to artistic organizations. They felt that endowments provided a new revenue stream that diversified both capital and operating funding, and that they also resulted in a more future-oriented and hopeful organization. While recent press coverage about foundation pay-outs reflects disappointment with the results of endowment development, the long-term viability of the Canadian economy and financial markets should ensure the value of this approach. Several informants mentioned that a true sign of the success of the component is that it has been emulated by several provinces.

The main criticism of endowment incentives relates to its success. The level of donations to the endowment funds of arts organizations has increased such that the level of matching by the federal government has been reduced over the years from $1 federal dollar for every private dollar raised to just over 50 cents on the dollar. Many commented

that federal government matching does influence donor decisions, and it is problematic not knowing what the level of matching will be. The component would be even more beneficial if organizations could count on consistent matching levels over a multi-year fundraising campaign.

An unintended negative impact may be that in some cases funds are being diverted into an endowment when the organization has an urgent need for operational funding. Another critique is the lack of control and flexibility that arises from the housing of the funds in community foundations.

Endowment Incentives is administered in a straightforward manner; but could still benefit from some streamlining to eliminate repeated submissions of the same background documents year after year.

Heritage organizations have not been eligible for Endowment Incentives. The data presented earlier in Table 4 indicate that they have been able to build substantial endowment funds ($146 million in endowment assets as of 2006-2007) in the absence of support from Endowment Incentives. Research commissioned by PCH in 2004 concluded that a similar component might be beneficial for heritage organizations.[14]

5.4.4 Limited Support to Endangered Arts Organizations

Short-term emergency funding from Limited Support to Endangered Arts Organizations has allowed four important arts organizations to avoid collapse and to continue to offer Canadians access to their artistic offerings.

The key advantage to the component is that it limits calls on the federal government for bail-outs and provides a framework for bringing partners together to plan financial recovery.

Prior to CAHSP, there was extensive political lobbying for "bail out" funds when organizations were in distress and there were no criteria in place to assess the terms under which funds were allotted, the involvement of other community stakeholders and the viability of the recovery plans. CAHSP has all but eliminated such bail out requests.

Four organizations have been assisted through the component, and all remain active in their communities today. One of the organizations appears to be solidly recovered, two appear to be recuperating, and one is still in financial difficulties.

Very few informants knew about this component, which is not surprising since it is meant as an instrument of last resort. The majority of those that knew about the component viewed it favourably. However, a few executives in arts organizations criticized the component as rewarding bad management.

[14] TCI Management Consultants, *An Examination of Endowment Funding as a Means of Financing Canada's Heritage Organizations*, prepared for the Department of Canadian Heritage, March 2004.

The Limited Support to Endangered Arts Organizations component functions well as an instrument for emergency intervention and defines the federal role in resolving crisis situations. It may need to be partnered with other support to ensure an organization's stability over the longer term. There may also be a need to expand the instrument to include heritage organizations.

5.4.5 Cultural Capitals of Canada

Cultural Capitals of Canada is an awards program that recognizes and supports Canadian communities that have a record of fostering arts and culture.

Canadian municipalities (including Aboriginal equivalent governments) compete for designations based on population:

- Level 1 is for communities of more than 125,000 people – 1 award of up to $2 million annually.
- Level 2 is for populations between 50,000 and 125,000 people – 1 award of up to $750,000 annually.
- Level 3 is for populations of less than 50,000 people – 2 awards of up to $500,000 annually, although 3 have been awarded in some years.

There is also an annual prize for innovative cultural partnerships of two or more communities in at least two provinces or territories. One prize, in the form of a contribution of up to $500,000 can be awarded yearly. This prize has only been awarded once.

Between 2003 and 2008, 29 designations were awarded to Canadian communities, representing approximately $13.7 million in expenditures.

CCC has achieved positive results: increasing local awareness and pride, enhancing cultural development, promoting partnerships and more. Evidence from the interviews and case studies show that the designation has impacts that last well beyond the year of designation, leading to increased programming, cultural planning, and municipal cultural spending. Many informants mentioned how the program had brought together non-traditional partners in culture, science, health and business and that the results were truly amazing. Informants also felt that external recognition had given culture new credibility and legitimacy in the eyes of the community.

CCC has achieved results on several levels. It serves as an award to celebrate excellence, it is an incentive to encourage municipal cultural planning, it is a tool to foster community pride and support for arts and heritage, it is a way to provide Canadians with access to quality arts and heritage at a local level, and it is a way to build partnerships and promote/implement cultural development at the local level.

While most informants thought that CCC was successful, it was clear that they were basing their assessment on different factors and that there were differing perceptions and views of what the component was intending to achieve. Some saw it mainly as an award

for past achievements, while others saw it as a source of funding to implement future plans. It may be beneficial to find more precise wording to communicate the CCC objectives and to use it consistently from year to year.

There is some evidence to suggest that CCC has been more successful in smaller communities than in big ones. In larger cities, some felt that the CCC designation had little impact and was quickly forgotten. Informants mentioned that the amount of funding was too low to make much of a mark in a big city with a vibrant cultural scene. To address this concern, the award amount for the large population category was increased in 2006.

Some believe that having five recipients a year is too many and lessens the honour/impact. It is unclear how long the component can continue with so many designations before problems of duplication arise, particularly in the large city category. The Innovative Cultural Bridges category of CCC has only been awarded once; the limited interest would indicate that it should be discontinued.

The Cultural Capitals is the only CAHSP component that involves a formal and in-depth review of applications by an external committee. As discussed under the performance measurement issue, little ongoing result information is published on this component, such as trends in municipal spending on arts and culture and the impacts of the designation on local arts and heritage organizations. A couple of one-time surveys have been conducted that provide some information on these sorts of indicators.

Like the other CAHSP components examined, CCC was perceived to be administratively burdensome. It would appear that financing and administrative report requirements could be simplified.

There was reported to be little national awareness of this program. More promotion could increase number of applications and further the objectives of CAHSP.

Overall, the Cultural Capitals program component seems to have achieved very significant, positive results in many of the cities named as cultural capitals, especially in smaller and medium sized cities. Cultural Capitals is generally perceived as a stand-alone program and among key informants there was a debate over whether it actually fits within CAHSP.

5.4.6 Networking Initiatives

The two networks currently funded—Creative City Network and Les Arts et la Ville—have both achieved positive results in encouraging municipalities to support arts and heritage.[15] The number of members of both networks has increased and internal member surveys indicated high levels of satisfaction with services provided.

There was strong, near-universal support for both networks. Informants said the networks played a critical and essential role in connecting municipal cultural workers, promoting municipal cultural policies, sharing information and in promoting innovation and best practices. Many pointed out that cultural workers at the municipal level had previously been isolated and these networks had increased collegiality and information-sharing significantly. Both networks were seen as increasing municipal awareness of the importance of culture and ultimately leading to more municipal funding of arts and heritage. Several people mentioned how the information and conferences provided by the two networks had opened their eyes to the national scene and what could be done at a local level.

Although the two networks funded are considered to be very successful and effective, few informants knew that part of their funding came from CAHSP or that CAHSP has a Networking Initiatives component. This raised the question about whether the availability of funding for networking initiatives should be more widely communicated and whether other networks should also be supported.

[15] A third network, Arts Network for Children and Youth, was supported in the past by this component. This network was examined by the previous formative evaluation of Cultural Capitals of Canada and Networking Initiatives.

6. Conclusions

The conclusions on each of the evaluation issues and questions are as follows.

6.1 Rationale and Relevance

1. Is there a continuing need for CAHSP?

There is a continuing need for a program such as CAHSP to strengthen arts and heritage organizations' effectiveness, management and financing and to help them face new challenges. Building organizational sustainability is not a one-time effort but is an ongoing activity that continues to require dedicated attention. In addition, the downturn in Canada's economy that occurred in late 2008 is having negative impacts on the financial situation of arts and heritage organizations, one example being the decision made by some community and arts council foundations, whose assets hold matching funds from PCH, to substantially reduce or suspend disbursements for 2008 and possibly beyond.

2. Is federal government intervention justified?

Federal government intervention is justified since federal leadership successfully stimulated a cross-Canada focus on issues of sustainability and leveraged funds from other levels of government and the private sector – something that no other level of government or private foundation could have accomplished. The matching aspect of CAHSP's funding and the criteria for the various components have brought together partners to support arts and heritage. If the federal government decided to pull out, key informants stated that this multi-level support would be threatened due to the legitimizing effect of the federal government's involvement across the country.

3. Is CAHSP aligned with Government priorities?

CAHSP is formally situated in the PCH Program Activity Architecture. Through the introduction of additional tax incentives for gifts to charities, the notion of organizational sustainability was also incorporated in the federal Budgets of 2006 and 2007. In 2008, management concluded that components of CAHSP achieved their objectives. For 2009-10, the program maintains a budget of $33.8 million following reductions of $4.2 million. As of November 2008, the Arts Policy Branch indicated to the evaluation team that it would like to develop a new component within a re-branded CAHSP to continue to support the sustainability of Canadian cultural organizations.

6.2 Success and Impacts

4. To what extent has the program met its immediate and intermediate results?

CAHSP has demonstrated progress towards achieving its two intermediate outcomes: increasing community support for arts and heritage organizations and contributing to their organizational, administrative and financial health.

The major findings regarding the program's immediate outcomes are as follows:

- Two of CAHSP's components in particular have helped a large number of arts and heritage organizations to improve their organizational sustainability. Key informants reported that arts and heritage organizations are sounder organizationally, more sustainable, more adept at fundraising, better supported by their communities and have more diverse funding sources as a result of the Capacity Building component. Similarly, Stabilization Projects were also viewed to have achieved generally positive results. The vast majority of organizations that were interested and eligible to participate have done so, as no new projects appeared in recent years. There was a general consensus among key informants that the particular approach taken by Stabilization Projects has achieved its objectives. Other approaches that extend community involvement are being discussed across the country.
- Of all of the CAHSP components, Endowment Incentives received the most positive comments from key informants. This component is viewed as having a strong incremental impact on the level of private donations to artistic organizations. It is simpler to administer compared to other CAHSP components. The main criticism relates to success: the level of donations to the endowment funds of arts organizations has increased such that the level of matching by the federal government has been reduced over the years. Another widespread criticism is that heritage organizations are not eligible.
- The Limited Support for Endangered Arts Organizations has played a vital role in helping four arts organizations (including three symphony orchestras), to avoid bankruptcy. All four organizations continue to operate today.
- The Cultural Capitals of Canada component has contributed to helping communities that apply for the designation to sustain cultural activities at the local level. Over the history of this component, there have been a total of 119 applications, and the process of applying to the component has a positive impact in terms of bringing stakeholders together.
- The Networking Initiatives component currently supports two networks, and key informants reported that both the Creative City Network and Les Arts et la Ville are operating effectively.

5. To what extent is progress being made to achieve CAHSP's long-term outcome?

The intended longer-term outcome of CAHSP is, "Contributes to Canadians participating in and benefiting from access to activities provided by appropriately governed arts and heritage organizations in communities that value their existence and support them."

Over the ten years (1996-1997 to 2006-2007) for which data are available, both the arts and heritage sectors experienced increased audiences and significantly increased support from their communities particularly from the private sector. While it is not possible to attribute these positive trends solely to CAHSP, it is reasonable to presume that CAHSP had at least some influence. Evidence of this is the fact that key informants indicated that a change in management approach in arts and heritage organizations has engaged their communities more effectively.

6. What have been the unintended impacts and effects (either positive or negative) resulting from CAHSP?

The unintended impacts of CAHSP were mostly positive, with the main impact being the creation of provincial funding programs. However, by strengthening some organizations, CAHSP may have had the unintended effect of perpetuating disparities among regions, although further research would be required on this issue.

7. Does CAHSP have appropriate performance measurement?

The program has undertaken several studies over the years on different CAHSP components that gathered results-based information. However, little results-based information on CAHSP is provided to Canadians on an ongoing basis. An annual report for CAHSP is not prepared, although CAHSP management stated that there is now a plan to prepare one for the Cultural Affairs Sector of PCH, which will include information on CAHSP.

6.3 Cost-Effectiveness and Alternatives

8. Are there any design and delivery issues?

Each CAHSP component was designed and delivered differently, in order to meet particular program objectives. This had mixed results: the program components were very customized and targeted to the needs of particular audiences, but program design and delivery was perhaps unnecessarily complex. CAHSP administrative requirements were deemed by virtually all informants to be burdensome; however, PCH staff received high praise for the level of service provided.

9. Are arts and heritage organizations equally well served by CAHSP?

Given that the program has both "arts" and "heritage" in its name, this has created a public perception that the program targets and serves both sectors equally. However, the initial focus of CAHSP's design was on arts organizations, with heritage clients made eligible for some components. Consideration could be given to whether certain CAHSP components should be open to both arts and heritage organizations. Alternatively, it might be better to serve heritage organizations through a separate program.

10. Do all six components of CAHSP work together effectively as an accessible and coherent program?

While there are significant complementary relationships within CAHSP, the branding of CAHSP as a single program was limited due to communication issues and differences among the components in terms of administration approach, client base, and level of impact. Despite this, the impact of the program on organizations and their local communities reflects a more broadly accepted notion of sustainability.

11. What is the level of administrative efficiency?

Over the history of CAHSP, the administrative cost ratio has been 16.4 per cent. This relatively high ratio is due to several factors, including the high level of administration caused by the large amount of analysis involved in Capacity Building projects that are relatively small in dollar value, the extensive reporting required and the decentralized administrative structure.

12. Are there alternatives to CAHSP?

There are no existing federal programs that would serve as an alternative to CAHSP. Alternatives that could be considered for certain components include giving increased funding to the Canada Council for the Arts for organizational development of arts organizations, to the Museums Assistance Program for heritage organizations and/or to third party organizations. Alternatively, some CAHSP criteria and components could be reconsidered. For example, rather than funding small projects on an annual basis, consideration could be given towards supporting multi-year projects as part of an overall sustainability strategy.

7. Recommendations and Management Response

1. The Department should develop a new strategy for sustainability of the arts and heritage sector that builds on the most successful aspects of CAHSP

The Department should develop a new strategy that builds on the most successful aspects of CAHSP and also improves the program's streamlining and consistency. The new strategy should also take into account research on sustainability in other sectors that points to the value of fostering an environment for sustainable arts and heritage organizations collectively, rather than focussing solely on the well being of individual organizations.[16]

One of the issues to be addressed in a new strategy is whether both arts and heritage organizations should be eligible to the components of a new program or whether there should be separate strategic approaches to the two sectors. As discussed earlier, the original program was primarily oriented towards arts organizations.

In developing this strategy, the results of this evaluation study suggest that the department should consider the following elements:

- Foster a sustainable environment for arts and heritage organizations by encouraging diversification of funding sources and by stimulating private sector, community and municipal support. This might be accomplished through:
  - Despite recent public attention regarding the pay-out policies of foundations further to the current economic situation, the Endowment Incentives component would continue, with substantially increased funding in order to continue to stimulate private donations.
  - Continuation of the Cultural Capitals of Canada component in order to stimulate more and sustained municipal and community support for arts and heritage. To attract more applications, enhance the national communications of the program and streamline reporting requirements. Clarify the objectives of this component, as the evaluation found that they were subject to various interpretations. To enhance streamlining and consistency, consideration should be given to adjusting the population categories and awarding only one designation per population category. The Innovative Cultural Bridges category would be eliminated, given there have been very few applications historically. The savings from these changes could be used to fund the other parts of the overall strategy.
  - Maintenance of the Limited Support for Endangered Arts Organizations component. This component provides a clear framework for ensuring

[16] See for example, *Capacity Building in Arts, Culture, and Heritage Organizations: Knowledge from the Field*, Ginsler & Associates, January 2005.

diverse partners come together to assist the survival of important organizations in distress and to protect the federal government from ad hoc requests for emergency funding.

- Support the development and delivery of learning and networking initiatives that strengthen the sustainability of arts and heritage organizations collectively by promoting best practices, shared learning and partnerships. This might include replacing the Stabilization Projects, Capacity Building and Networking Initiatives component with funding for comprehensive initiatives that involve multiple players/partners on a multi-year basis, rather than focusing on support to individual projects on a year-by-year basis. Two options could be considered:
  - Delivery with partner organizations (such as regional collectives and national and provincial membership service organizations), which would present proposals for funding initiatives that strengthen multiple organizations. The administrative costs for this option would need to be determined but are likely to be less than current costs since a single project would serve more recipients.
  - Increased funding of the Canada Council for the Arts (for arts organizations) and the Museums Assistance Program (for heritage organizations) to enhance organizational effectiveness and development initiatives and funding.

Management Response – Accepted – Underway

The Canadian Arts and Heritage Sustainability Program has resources and authorities until March 31, 2010. The Department is in the process of developing a streamlined and forward looking successor to the CAHSP* which would include the Endowment Incentives component, the Cultural Capitals of Canada component, the Limited Support to Endangered Arts Organizations component and a new component for strategic initiatives, building on the accomplishments of stabilization, capacity building and networking.

Implementation Date – Fiscal year 2009-2010

*Subject to policy authority being granted.

2. Performance measurement for a future program needs to be emphasized

Little ongoing results-based performance information on CAHSP is provided to Canadians. The Department needs to review the program's performance measurement strategy in future program design, which would specify the appropriate measurement indicators, data sources and data collection methods.

A regular performance report needs to be published, so that Canadians are made aware of the extent to which progress is being made towards the program's intended outcomes.

Management Response – Accepted – Underway

To ensure that results are communicated to Canadians, the Cultural Affairs Sector is publishing an annual report highlighting program results for the Sector, including elements of CAHSP.

The Arts Policy Branch has also undertaken a comprehensive results mapping of all of its programs against the Sector logic model; this ongoing process includes further reporting on CAHSP outcomes.

As is Program practice, it is now reviewing and updating the performance management strategy as part of the program renewal process currently underway.

Implementation Date – Fiscal year 2009-2010

Appendix A – Evaluation Matrix

Evaluation Issues and Questions	Measurement Indicators	Data Collection Methods
Rationale and Relevance		
1. Is CAHSP still relevant?	▪ Current status of the need that gave rise to the introduction of CAHSP. ▪ Other issues that have arisen in the sectors since the inception of CAHSP.	Document and literature review Key informant interviews Survey of recipients and applicants Case studies Analysis of secondary statistics
2. Is federal government involvement justified?	▪ Trends and roles played by other stakeholders (e.g., provincial and municipal governments, private sector) in funding arts and heritage sectors. ▪ Status of program and its components in achieving its long-term objectives. ▪ Potential impacts on targeted clients if CAHSP were discontinued.	Document and literature review Survey of recipients and applicants Key informant interviews Case studies
3. To what extent is the program aligned with governmental and departmental priorities, including the Department's strategic objectives?	▪ Evidence of CAHSP's objectives being included in recent Ministerial speeches, Government Budget, PCH RPP, PCH PAA, Canada Council strategic plan, etc. ▪ Alignment of objectives with other policies in PCH and broader government policies.	Document and literature review Key informant interviews
Success/Impacts		
4. To what extent has the program met its immediate and intermediate results?		
a) Arts and heritage organizations benefiting from the program are equipped with the knowledge and tools necessary to implement efforts	▪ Extent to which recipient organizations have demonstrated changes in governance, management practices, financial self-sufficiency, increased audiences, etc.	Document and literature review Key informant interviews Survey of recipients and applicants Case studies

towards building sustainability		
b) Raised capital and created endowments for arts organizations benefiting from the program	▪ Trends in endowment funds of recipient organizations.	Document and literature review Key informant interviews Survey of recipients and applicants Case studies
c) Bankruptcy avoidance for important art institutions	▪ Trends in financial performance of funded organizations. ▪ Trends in bankruptcy of arts and heritage organizations across Canada.	Document and literature review Key informant interviews Survey of recipients and applicants Case studies
d) Increased involvement by Canadian communities to sustain cultural activities at the local level	▪ Trends in number of applicants to the Cultural Capitals of Canada component over the history of the component. ▪ Extent to which cultural activities supported by the Cultural Capitals of Canada continue to exist post-award.	Document and literature review Key informant interviews Survey of recipients and applicants Case studies
e) Development of national networks to support local cultural involvement	▪ Trends in number of participants in funded networks. ▪ Trends in level of satisfaction of participants in funded networks	Document and literature review Key informant interviews Survey of recipients and applicants Case studies
f) Arts and heritage organizations benefiting from the program are supported in their communities	▪ Extent to which recipient organizations have obtained financial support from the private sector. ▪ Extent to which cultural capitals have demonstrated the inclusion of cultural policies and strategies in their community strategic plans. ▪ Trends in health of arts and heritage sector in a sample of communities	Document and literature review Key informant interviews Survey of recipients and applicants Case studies Analysis of secondary statistics
g) Contributes to improved organizational, administrative and financial health of arts and heritage organizations	▪ Trends in financial performance metrics for recipient organizations. ▪ Trends in percentage of revenues in recipient organizations that are from private sector donations.	Document and literature review Key informant interviews Survey of recipients and applicants Case studies Analysis of secondary statistics
5. To what extent is progress being made to achieve the CAHSP long-term result: "Contributes to Canadians participating in and	▪ Trends in memberships in funded organizations. ▪ Evidence of increased financial support of CAHSP recipient organizations from individuals, foundations, corporations and other levels of government.	Document and literature review Key informant interviews Survey of recipients and applicants Case studies

	benefiting from access to activities provided by appropriately governed arts and heritage organizations in communities that value their existence and support them"?	▪ Trends in attendance to events and exhibitions presented by funded arts and heritage organizations.	Analysis of secondary statistics
6.	What have been the unintended impacts and effects resulting from CAHSP?	▪ Views of key informants, recipients and non-funded applicants.	Document and literature review Key informant interviews Survey of recipients and applicants
Cost-Effectiveness/Alternatives			
7.	Does the CAHSP design consider the most effective way of fulfilling expected results? If not, what are the alternatives?		
a)	Are there any design or delivery issues?	▪ Strengths and weaknesses of CAHSP design and delivery.	Document review File and database review Survey of recipients and applicants Key informant interviews
b)	What is the level of administrative efficiency?	▪ Administrative cost ratio for CAHSP and its components. ▪ Possible administrative efficiency improvements.	Document review File and database review Key informant interviews
c)	What are the other alternatives to CAHSP?	▪ Possible alternatives and their pros and cons.	Document and literature review Key informant interviews

d) Does CAHSP have appropriate performance measurement?	▪ Extent to which project reporting system captures results information. ▪ Quality of program performance reporting.	File and database review Document review Key informant interviews

Appendix B – List of Key Informants

COMPONENT	NAME*	ORGANIZATION/TITLE
CAHSP Overall	Cynthia White Thornley	DG, Art Policy Department of Canadian Heritage (PCH)
	Lyn Elliot Sherwood	ED, Heritage Group PCH
	Robert Hunter	Director, Arts Policy PCH
	Pierre Derome	Director, Heritage Programs PCH
	Marie Moliner	ED, Ontario Region PCH
	Lise Laneville	Manager, CAHSP PCH
	Louise Morrison	Manager, Cultural Capitals and Networking PCH
	Carole Barbeau	Coordinator, Capacity Building (Heritage) CPH
	Deborah Robichaud	Regional Manager of Arts, Culture & Heritage Atlantic PCH
	Luc Rathé	Cultural Manager Québec PCH
	Valerie Hopper	Cultural Manager Ontario PCH
	Claudette Novak	Manager, Cultural Development Prairies and North PCH
	André Courchesne	Director, Arts Division Canada Council PCH
	Russell Kelly	Chief, Music Canada council
	Nicole Doucet	Director, Arts Disciplines Canada Council
		Executive Director Opera.ca
		Executive Director and Deputy Director, Canadian Museums Association
		Executive Director, Canadian Council of Archives
		Executive Director BC Arts Council
		Director of Finance and Programs Saskatchewan Arts Council
		Music Officer Ontario Arts Council
		General Director Société des Musées québécois
Stabilization		Executive Director

COMPONENT	NAME*	ORGANIZATION/TITLE
		Creative Trust
		CEO, Manitoba Museum
		Executive Director, Island Arts and Heritage Stabilization Program
Endowments		President and CEO, Foundation of Greater Montreal
		Program Director Vancouver Foundation
		Managing Director, Alberta Theatre Projects
		Chair, Theatre New Brunswick Foundation
Endangered Arts		Executive Director Orchestras Canada
Networking		President, Board of Directors, Creative City Network
		General Director Les Arts et La Ville
Cultural Capitals		Project Leader, Saskatoon
		Director, Economic Development, St. John's
		Coordinator, Culture and Heritage, Rivière-du-Loup
	Mark Kristmanson	Director, Capital Events, National Capital Commission
Capacity Building		Executive Director, St. John's Women's Film and Video Festival
		Administrative Director, Théâtre du Nouveau Monde
		Former Coordinator FrancoFête en Acadie
		Aboriginal Art and Culture Celebration Society
		Executive Director, Great Northern Arts Society
		Artistic Director Sampradaya Dance Creations
		Co-Artistic Director Mocean Dance
		Executive Director Mentoring Artists for Women's Art
	Solange Bourgoin	PCH, Cultural Development, Québec
	Andrea Philp	PCH, Cultural Development, Prairie and Northern Region
		Grants and Planned Giving Coordinator, Glenbow Museum
		Executive Director, Literary and Historical Society of Québec
		Director of Culture and Heritage, Orillia
		Executive Director Gardiner Museum
		Executive Director Museums Association of Saskatchewan
		Executive Assistant Musée d'archeologie et d'histoire de Montréal, Pointe-à-Callière

* In accordance with PCH privacy policy, the names of individuals interviewed outside of the federal government are not identified.

Appendix C – Data Collection Instruments

Interview Guide — Key Informant Interviews: Evaluation of Canadian Arts and Heritage Sustainability Program (CAHSP)

A. Background

Kelly Sears Consulting Group has been engaged by Evaluation Services, Department of Canadian Heritage to conduct an Evaluation of the Canadian Arts and Heritage Sustainability Program (CAHSP). The objectives of CAHSP are to strengthen organizational effectiveness, build operational and financial capacity within the arts and heritage sectors, and ensure that those organizations operate in communities that value and support them, and see them as a key asset.

The annual budget of CAHSP is about $38 million. The following is a description of the six CAHSP components that are being examined by the evaluation study:

- **Stabilization Projects**: Provides funding to regionally-based projects that assist arts and heritage organizations to improve their governance, administration and financial health. About $10 million has been invested in 10 stabilization projects, and over 200 arts and heritage organizations have participated.
- **Capacity Building**: Provides financial assistance to arts and heritage organizations that cannot access a stabilization project (described above) to improve their governance, organizational or financial situation. More than 690 organizations (460 arts organizations and over 230 heritage organizations) have benefited to date from an investment of more than $31 million.
- **Endowment Incentives:** This component seeks to encourage the private sector to contribute to arts organizations' endowment funds by matching private donations to arts organizations' endowments. The objective is to lead to increased self-reliance through new sources of funding and community engagement. To date, 99 arts organizations have received matching funds. The total federal investment has been over $58.8 million, and this has leveraged donations from the private sector of more than $75 million.
- **Limited Support to Endangered Arts Organizations**: This component provides limited, one-time emergency assistance to important arts institutions in danger of imminent bankruptcy or permanent cessation of operations. The objective is to ensure the survival of key arts institutions for the benefit of Canadians. Three organizations have been supported to date: the Calgary Philharmonic Orchestra, the Winnipeg Symphony Orchestra and Théâtre du Rideau Vert.
- **Cultural Capitals of Canada**: This component recognizes and supports Canadian communities that have a record of fostering arts and culture in community life. Each year, Canadian communities compete to receive up to five designations as a *Cultural Capital of Canada*. The objective is for communities to support arts and heritage organizations and to value their existence. Between 2003 and 2007, approximately $13.3 million has been contributed to 25 different communities.
- **Networking Initiatives**: Provides funding to Canada-wide networking projects whose aim is to develop and strengthen the capacity of cultural, arts and heritage organizations by harnessing the power of artists, the arts and culture to build creative, sustainable and healthy communities. Three organizations have been supported to date: The Creative City Network, Arts Network for Children and Youth, and Les Arts et la Ville.

The objectives of the evaluation study are to:

- Assess the continued relevance of CAHSP and each of its components.
- Assess the results achieved and the program's cost-effectiveness.
- Identify and assess possible alternative government policies or programs that might be more cost-effective.

In addition to the key informant interviews, the evaluation study involves: a review of secondary data and statistics on the organizational effectiveness and capacity of arts and heritage organizations; case studies of funded projects; and, an online survey of CAHSP recipients and non-funded applicants.

Your interview is expected to last about one hour. Your views will be kept confidential and will be aggregated with all of the responses received. We thank you for your time and input.

B. Questions

Please review the following questions in advance of your interview. If you have no opinion on a particular question, feel free to skip it.

1) **Your relationship with CAHSP.** Please briefly describe your relationship with CAHSP, and identify which of its components you are familiar with.

2) **Trends and issues in the arts and heritage sectors.** What are the main trends and issues facing arts and heritage organizations in Canada?

3) **Results achieved by CAHSP components.** Since the program's inception, what have been the main results/impacts of the CAHSP components you are familiar with?

   a) Stabilization Projects: What results have been achieved in the improvement of administrative and organizational practices and financial structures of arts and heritage organizations?

   b) Capacity Building: What results have been achieved in the improvement of administrative and organizational practices and financial structures of arts and heritage organizations?

   c) Endowment Incentives: What results have been achieved in terms of created endowments and increased private donations to arts organizations?

   d) Limited Support to Endangered Arts Organizations: What results have been achieved in bankruptcy avoidance for important arts institutions?

   e) Cultural Capitals of Canada. What results have been achieved in the integration of cultural matters in municipal priorities?

   f) Networking Initiatives. What results have been achieved in the form of national networks to support local cultural development?

4) **Results achieved by CAHSP coverall.** What have been the overall results achieved by CAHSP in terms of improved organizational, administrative and financial health of arts and heritage organizations and community support for arts and heritage organizations?

5) **Other positive/negative impacts of CAHSP.** Have there been other unintended impacts of CAHSP, either positive or negative, that were not discussed above?

6) **Continued relevance of CAHSP.** Is each of the CAHSP components still needed, and why or why not?

7) **Complementarity/Overlap?** Are there other government funding programs (federal, provincial/territorial, municipal) which have similar objectives to CAHSP? If so, are these programs complementary or are there areas of duplication/overlap?

8) **Delivery of CAHSP.** What are the strengths and weaknesses of the CAHSP administrative/delivery process?

9) **Alternatives.** Are there alternative ways of achieving CAHSP's objectives that would be more cost effective?

10) **Improvement opportunities.** If CAHSP were to continue, what changes should be made to make it more successful?

11) **Other comments.** Finally, do you have any other comments that have not been covered above?

Interview Guide — Case Studies: Evaluation of Canadian Arts and Heritage Sustainability Program (CAHSP)

A. Background

Kelly Sears Consulting Group has been engaged by Evaluation Services, Department of Canadian Heritage to conduct an Evaluation of the Canadian Arts and Heritage Sustainability Program (CAHSP). The objectives of CAHSP are to strengthen organizational effectiveness, build operational and financial capacity within the arts and heritage sectors, and ensure that those organizations operate in communities that value and support them, and see them as a key asset.

The following is a description of the six CAHSP components that are being examined by the evaluation study:

- **Stabilization Projects**: Provides funding to regionally-based projects that assist arts and heritage organizations to improve their governance, administration and financial health. About $10 million has been invested in 10 stabilization projects, and over 200 arts and heritage organizations have participated.
- **Capacity Building**: Provides financial assistance to arts and heritage organizations that cannot access a stabilization project (described above) to improve their governance, organizational or financial situation. More than 1,090 organizations (700 arts organizations and over 390 heritage organizations) have benefited to date from an investment of more than $36 million.
- **Endowment Incentives:** This component seeks to encourage the private sector to contribute to arts organizations' endowment funds by matching private donations to arts organizations' endowments. The objective is to lead to increased self-reliance through new sources of funding and community engagement. To date, 122 arts organizations have received matching funds. The total federal investment has been over $73.4 million, and this has leveraged donations from the private sector of more than $105 million.
- **Limited Support to Endangered Arts Organizations**: This component provides limited, one-time emergency assistance to important arts institutions in danger of imminent bankruptcy or permanent cessation of operations. The objective is to ensure the survival of key arts institutions for the benefit of Canadians. Three organizations have been supported to date: Calgary Philharmonic Orchestra, Winnipeg Symphony Orchestra, Orchestre symphonique de Montréal, and Théâtre du Rideau Vert.
- **Cultural Capitals of Canada**: This component recognizes and supports Canadian communities that have a record of fostering arts and culture in community life. Each year, Canadian communities compete to receive up to five designations as a *Cultural Capital of Canada*. The objective is to increase involvement by Canadian communities to sustain cultural activities at the local level. Between 2003 and 2007, 25 designations have been awarded for approximately $13.3 million in contributions.
- **Networking Initiatives**: Provides funding to Canada-wide networking projects whose aim is to develop and strengthen capacity by harnessing the power of artists, the arts and culture to build creative, sustainable and healthy communities. Three organizations have been supported to date: The Creative City Network, Arts Network for Children and Youth, and Les Arts et la Ville.

The objectives of the evaluation study are to:

- Assess the continued relevance of CAHSP and each of its components.

- Assess the results achieved.
- Provide input to departmental planning regarding future support to the arts and heritage sectors.

In addition to the case study interviews, the evaluation study involves: a review of secondary data and statistics on the organizational effectiveness of arts and heritage organizations; interviews with about 50 key informants across Canada; and, an online survey of CAHSP recipients and non-funded applicants.

We would like to discuss one of the projects that your organization carried out with CAHSP support, in order to illustrate how your project helped to achieve the overall objectives of CAHSP. The particular project will be identified prior to the interview with you. If you are in agreement, a brief write-up of this project may be included in the evaluation study report.

Your interview is expected to last about one hour or less. We thank you for your time and input.

B. Questions

Please review the following questions in advance of your interview. If you have no opinion on a particular question, feel free to skip it.

1) **Project description.** Describe the project your organization carried out with support from the particular CAHSP component:

   a) How you became aware of CAHSP.

   b) The application process.

   c) Budget for the project and sources of financing.

   d) What was the project attempting to accomplish?

   e) Who are the beneficiaries of the project?

   f) Activities undertaken and issues that were addressed along the way.

   g) Overall, your views on the success of the project.

2) **Impacts of this project.** Please describe the impacts of this project:

   a) **Stabilization Project**: Improvement of administrative and organizational practices and financial structures of participating arts and heritage organizations.

   b) **Capacity Building**: Improvement of management, administrative and organizational practices and financial capabilities of your organization?

   c) **Endowment Incentives**: Increased private donations to the endowment fund and stability in funding.

   d) **Limited Support to Endangered Arts Organizations**: Bankruptcy avoidance for your organization.

   e) **Cultural Capitals of Canada**: Enhanced and sustained community support for cultural development at the municipal level.

f) **Networking Initiatives**: Impacts on participating members and their organizations, in terms of, for example, increased collaboration; development of new programs, policies and plans; increased awareness/support for arts and culture among elected officials; increased information sharing; etc.

3) **Other positive/negative impacts of this project.** Have there been other unintended impacts of this project, either positive or negative, that were not discussed above?

4) **Importance of CAHSP funding.** If this project had not been supported by CAHSP, what would have happened to the project?

5) **Delivery of CAHSP.** What are the strengths and weaknesses of the CAHSP administrative/delivery process?

6) **Improvement opportunities.** Do you have any suggestions for improving CAHSP?

7) **Continued relevance of CAHSP.** Do the needs that CAHSP originally intended to address still exist?

8) **Going forward.** In order to help the Department with its planning, are there alternative policies/programs that would better improve the capacity of arts and heritage organizations in Canada?

9) **Other comments.** Finally, do you have any other comments that have not been covered above?

Appendix D – References

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